GROSVENOR CASINOS LIMITED
Registered No. 877080

REPORT

AND

FINANCIAL STATEMENTS

30 JUNE 2020

Corporate information

Directors
Mr J.P. O'Reilly
Mr W.J.S. Floydd
Mr J.D. Swaine

Company Secretary
Ms L.A. Wright

Auditors
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Principal activities
The principal activity of the Company is the operation of a number of casino clubs in the UK providing gaming and restaurant facilities. The company is a limited company incorporated and domiciled in England and Wales. The directors do not anticipate any change in the activity of the Company in the foreseeable future.

Review of the business
The Directors' focus is on increasing customer visits to the Company's venues by bringing enjoyable gaming-based leisure experiences to a broader base of customers.

The strategy of the Company is managed as part of the overall operations of The Rank Group Plc ('Rank' or 'Group'). The main aims of the strategy for the operations are as follows:

- Creating a compelling multi-channel offer – by building on the existing portfolio of venues, membership systems, reward programmes and high level of engagement between team members and customers;
- Continuously evolve our venues proposition – continuing to invest in existing venues (in terms of product, environment and service) and by creating new ones;
- Constantly improve our customer experiences through innovation – our customers are at the heart of our business and we invest in new technologies to their benefit;
- Be committed to safe and fair gaming - we are committed to operating in a responsible manner and recognise the importance of continuous innovation to refine our approach to make gambling as safe as possible; and
- Create an environment which enables our colleagues to develop, be creative and deliver exceptional service.

The results for the Company show a pre-tax profit of £15.4m for the year (2019: £3.5m) and revenue of £181.0m (2019: £215.8m). The increase in pre-tax profit can be attributed to the cost savings transformation programme that was implemented following the closure of venues and government grants received under the Coronavirus Job Retention Scheme (£13m). The reduction in revenue compared to prior year is due to the closure of venues during the year as a result of the COVID-19 pandemic. Included within the profit for the year is £2.7m of exceptional gains (2019: £7.0m loss). Further details of the separately disclosed items are within note 3 to the financial statements.

The balance sheet as at 30 June 2020 shows net current assets of £18.1m (2019: £21.3m). Cash generated during the period has been pooled in accordance with the Group's treasury policy to a fellow subsidiary resulting in an increase in amounts due from this fellow subsidiary.

Key performance indicators (KPI)
The directors of the Group manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance, and position of the casino division of the Group, which includes the Company, is discussed in more detail on pages 38 and 39 of the Group's 2020 Annual Report and Accounts ('ARA') which do not form part of this report. The directors do not anticipate any immediate or substantial variations to the Company's current activities.

Principal risks and uncertainties
The principal risks and uncertainties of the Company are managed at a Group level as part of the enterprise-wide risk management approach adopted by Rank. The principal risks and uncertainties of the Group, which include those of the Company, are discussed on pages 72 to 76 of the Group's ARA for the year ended 30 June 2020, and are reproduced below.

Links to strategy key:

1. Create a compelling multi-channel offering
2. Build digital capability and scale
3. Continuously evolve our venues proposition
4. Consistently improve our customer experience through innovation
5. Be committed to safe and fair gambling
6. Provide an environment which enables our colleagues to develop, be creative and deliver exceptional service

The risks and uncertainties and their mitigations pertaining to the Company are as follows:

1. COVID-19 pandemic			
Principal risk	**Change in risk/impact**	**Risk mitigation strategy**	**Link to strategy**
The immediate organisational risks following the COVID-19 outbreak arose primarily as a result of the closure of our venues and offices. Such risks included business continuity and the ability of our technology and IT infrastructure to adapt to sustained working-from-home requirements imposed by governments, colleague and customer welfare, cashflow (liquidity), financing (supply-chain disruption) and impact on the ability of the Group to execute its strategic plans. In line with respective Government requirements, all of the Group's venues were closed in March 2020. In the UK, re-opening commenced for Mecca on 4 July 2020 and for Grosvenor on 15 August 2020. In Spain re-opening commenced on 10 June 2020 and in Belgium on 1 July 2020. All venues are required to comply with social distancing measures, impacting on capacity. There can be no certainty as to when or to what extent applicable ongoing government measures will be lifted or whether they will be reintroduced after they have been lifted. Furthermore, even after restrictions are lifted, there is a risk of depressed demand in the leisure sector. Customers may also be more reluctant to attend our venues. In response to the COVID-19 pandemic, we have prepared a number of planning scenarios based on a range of assumptions and potential outcomes. In light of the above, the risk remains of further significant impact on our future operations, and cashflows beyond the range of assumptions that have been used to develop the modelled scenarios.	Due to the nature of the pandemic and the ongoing uncertainty this is considered an increasing risk.	*Mitigation in relation to lockdown.* The Group has a pandemic policy, crisis management and resilience planning processes and venues-closure plans, which were implemented successfully in response to the lockdown and consequential closure of our venues and offices. The Group implemented a working-from-home policy in order to ensure that those colleagues and areas of the business less directly impacted from the closure of venues could continue to function. The Group communicates with its employees in a number of a different ways and during lockdown we increased significantly our communications to our colleagues in order to keep them up to date with developments, our plans and welfare support arrangements. In relation to our customers, the Group developed, and participated in a number of initiatives aimed at ensuring our customers did not feel a loss of community due to the closure of our venues. The Group reviewed its financing arrangements and engaged with its banks, suppliers and landlords. We continued to communicate with legislators and regulators throughout lockdown in connection with the measures we have implemented. Government support initiatives have been utilised such as the Coronavirus Job Retention Scheme and UK business rates holiday.	1, 2, 3, 4, 5, 6

1. COVID-19 pandemic			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
		Mitigation in relation to re-opening Detailed analysis and modelling, with consideration of all stakeholders' views, went into the formulation of re-opening plans. Such plans are flexible to take account of local lockdowns, restrictions being re-introduced, changes in customer demand and other uncertainties that will only be understood with the passage of time. We continue to review the assumptions and modelling work and are revisiting our transformation plan. We continue to review our financial covenants and financing options, our property portfolio and supply-chain. We continue to have constructive dialogue with those bodies that influence our markets, including Government and regulators. The importance of such discussions was demonstrated in the process to obtain permission to re-open our venues. The health and safety of our colleagues and customers remains of paramount importance and risk assessments have been an essential part of our re-opening plans. *Digital* In relation to the digital business, which has been largely unaffected operationally by the crisis, we have focused on the implementation of increased safer gambling measures.	

2. Changing consumer needs (venues)			
Principal risk	**Change in risk/impact**	**Risk mitigation strategy**	**Link to strategy**
Progressive changes over time in consumer spending habits and changes in macroeconomic environment can result in lower numbers of customer visits.	**Increasing** With the macroeconomic environment and continuous changes in consumer spending habits, there is an ever-increasing need for the Group to focus on assessing the relevance of our customer proposition.	The Group monitors financial performance across the venues. Venues performing adversely are raised for remedial attention with customer satisfaction metrics being used to also monitor venues performance. Changing the venues product and service offering to have greater appeal to today's more leisure-oriented customer is a priority within the transformation programme. This will continue to evolve as there is a better understanding of the ongoing impact of COVID-19 on our customers' habits.	**3, 4**

3. Gambling laws and regulations			
Principal risk	**Change in risk/impact**	**Risk mitigation strategy**	**Link to strategy**
Regulatory and legislative regimes for betting and gaming in key markets are constantly under review and can change at short notice. These changes could benefit or have an adverse effect on the business and additional costs might be incurred in order to comply.	**Increasing** With the increased focus of regulators, the risk here is considered to be increasing, and the impact of non-compliance could result in the imposition of licence conditions, the loss of gaming licences and/or fines.	The Group ensures that it: • actively provides and promotes a compliant environment in which customers can play safely; • participates in trade representations to political and regulatory bodies to ensure that such stakeholders clearly understand the positive contribution that the business provides to the economy; • works with stakeholders and customers to help public understanding of the gaming offers it provides; and • engages with regulators as appropriate and examines the learnings from, and measures adopted by, other operators and sectors of the gambling industry.	**5**

4. Health and Safety			
Principal risk	**Change in risk/impact**	**Risk mitigation strategy**	**Link to strategy**
Failure to meet the requirements of the various domestic and international rules and regulations relating to the health and safety of our employees and customers could expose the Group (and individual directors and employees) to material civil, criminal and/or regulatory action with the associated financial and reputational consequences.	**Stable** It is envisaged that there will be no further immediate changes in standards.	The Group has defined policies and procedures in place which are periodically reviewed and updated as appropriate. The Group requires all staff to undertake annual training and more specific training is undertaken as appropriate. Communication plans are in place across the Group. The health and safety committee meets regularly and its attendees include the senior management of the venues business. In addition, the head of health and safety provides updates on health and safety practices to each Risk Committee meeting. The health and safety team have been heavily involved in the closure and reopening of our venues as a result of COVID-19.	**3, 6**

5. Taxation			
Principal risk	**Change in risk/impact**	**Risk mitigation strategy**	**Link to strategy**
Changes in fiscal regimes for betting and gaming in key markets can change at short notice. These changes could benefit or have an adverse effect and additional costs might be incurred in order to comply with any fiscal requirements. Current key risk areas include: • Remote Gaming Duty; • Machine Gaming Duty; and • Gaming Duty	**Stable** It is envisaged that there will be no material changes in taxation in the immediate future.	The Group ensures that it: • continues to monitor taxation legislation; • performs regular analysis of the financial impact to the organisation of changes to taxation rates; and • develops organisational contingency plans as appropriate.	

6. Integration, transformation and technology projects and programmes			
Principal risk	**Change in risk/impact**	**Risk mitigation strategy**	**Link to strategy**
Key Group projects and programmes could fail to deliver, resulting in missed market opportunities, and/or take longer to deliver, resulting in missed synergies and savings.	**Stable** A failure to deliver key strategic projects and	The Group ensures that projects and programmes: • are subjected to detailed management oversight as well as having sponsorship	**1, 2**

	programmes impacts on customer loyalty and the strategic growth of the organisation.	from a senior-level stakeholder; • use a structured and disciplined delivery methodology to ensure that they are robustly managed to achieve their outcome; and • use a comprehensive risk management approach managed by experienced project and programme managers.	

7. Business continuity planning and disaster recovery (operational resilience)			
Principal risk	**Change in risk/impact**	**Risk mitigation strategy**	**Link to strategy**
Planning and preparation of the organisation to ensure it could overcome serious incidents or disasters and resume normal operations within a reasonably short period, is critical to ensure that there is minimal impact to its operations, customers and reputation. Typical disasters might include: natural disasters such as fires and floods, accidents impacting key people, insolvency of key suppliers, negative media campaigns and market upheavals.	**Stable** The geographical nature of the operating environment and key risk exposures are known and understood and the business was able to continue operating notwithstanding the impact of COVID-19.	This approach includes the development, embedding and refinement of the incident and crisis management approach for the Group in order to proactively manage these incidents. Group business continuity plans have been refreshed for key sites and business areas.	**1, 2, 3, 4, 5, 6**

8. Data management			
Principal risk	**Change in risk/impact**	**Risk mitigation strategy**	**Link to strategy**
The inability to adequately protect sensitive customer data and other key data and information assets that could be leaked, exposed, hacked or transmitted would result in customer detriment, formal investigations and/or possible litigation leading to prosecution, fines and damage to our brands.	**Stable** The Group has developed a robust control environment in relation to customer data controls and the regulatory requirements.	The Group has in place data protection policies and colleague training in order to protect the privacy rights of individuals in accordance with the relevant local data protection and privacy legislation and with GDPR. These are monitored by an experienced data protection officer to ensure that the business is aware of, and adheres to, industry best practice standards and relevant laws. Technology and IT security controls are in place to restrict access to sensitive data and ensure individuals only have access to	**2, 4**

		the data they need to do their job.	

9. Cyber resilience			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
Cyber-attacks can disrupt and cause considerable financial and reputational damage to the Group. If a cyber-attack were to occur the Group could lose assets, reputation and business, and potentially face regulatory fines and litigation – as well as the costs of remediation. Operations are highly dependent on technology and advanced information systems (such as cloud computing) and there is a risk that such technology or systems could fail, or outages occur.	**Stable** Due to the programme of work in place and response to previous incidents and lessons learned this is considered a stable risk to the Group.	We carry out a number of cyber exercises on a regular basis to understand the maturity of controls, with a roadmap of further work planned to enhance them within the current IT estate. A programme of work is ongoing to enhance cyber security and resilience within the IT estate with dedicated, specialised resources.	**2**

10. Dependency on third parties and supply chain			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
The Group is dependent on a number of third-party suppliers for the operation of its business. The withdrawal or removal from the market of one or more of these third-party suppliers, or failure of these suppliers to comply with contractual obligations, could adversely affect operations, especially where these suppliers are niche.	**Stable** The third-party operating environment and key risk exposures have changed as a result of COVID-19, but the risk to the business is nevertheless considered stable.	The Group has a central procurement team in place to oversee the process for acquisition of suppliers across the Group together with the development of a supplier risk management framework. Close communication and accountability for relationships within the Group are in place for these suppliers, with suppliers required to ensure that Group requirements are met. Discussions have taken place with suppliers as a result of the impact of COVID-19, particularly in relation to the closure and then re-opening of our venues.	**1, 2, 3, 4, 5, 6**

11. People			
Principal risk	**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
People are pivotal to the success of the organisation and a failure to	**Stable**	A programme of activity is focused on developing	**1, 2, 3, 4, 5, 6**

attract or retain key individuals may impact the Group's ability to deliver on its strategic priorities. A pre-requisite to achieving all of the strategic priorities is ensuring the Group has the right people with the right skills, deployed within the right area of the business.	Considered 'stable' as the risk to the business is unchanged, notwithstanding that the impact of COVID-19 cannot be ignored.	diversity across the organisation. A programme of activity is focused on succession planning for the business particularly at senior levels. The Group regularly reviews its reward propositions. Culture is a specific transformation workstream, but is also considered across all other workstreams including safer gambling.	

Brexit

An emerging risk is the impact of Brexit, where the key challenges to the business are likely to be availability of staff and effect on data handling. We have appropriate business continuity arrangements in place for short-term border disruptions affecting the movement of our people and are not otherwise over-exposed to the impact of Brexit in this area. Appropriate data sharing arrangements are in place to allow us to continue to fulfil our data handling obligations. Given the terms of the withdrawal agreement between the UK and the EU, there is not anticipated to be an impact of Brexit for the Group in practice until the end of the transitional period on 31 December 2020.

COVID-19

There is considerable ongoing uncertainty about how COVID-19 will continue to impact the business over the coming weeks and months. Our major concern remains to safeguard the health and wellbeing of our staff. Arrangements have been made for office staff, who can, to work from home. Where staff cannot work from home we have ensured that staff rotation and appropriate social distancing measures are in place to protect their wellbeing.

Section 172 Statement

Section 172 of the Companies Act 2006 ('Companies Act') requires the Company's directors to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing so, they must have regard to the following factors set out in section 172(1)(a)-(f) of the Companies Act:

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 every decision made will not necessarily result in a positive outcome for all of our stakeholders. However, by considering the Company's purpose, ambition and values together with its strategic priorities and having a process in place for decision-making, the directors aim to make sure that their decisions are consistent and fair.

As is normal for large companies, we delegate authority for day-to-day management of the Company to executives and then engage management in setting, 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.

The Company's key stakeholders are its 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 relevant decisions. While there are cases where the board itself judges that it should engage directly with certain stakeholders groups or on certain issues, the size and spread of both our stakeholders and Group means that generally our stakeholder engagement best takes place at an operational or group 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. For details on some of the engagement that takes place with the Company's stakeholders so as to encourage directors to understand the issues to which they must have regard please see pages 20 to 23 of the Group's ARA.

During the period we received information to help us understand the interest and views of the Company's key stakeholders and other relevant factors. This information was distributed in a range of different formats including reports and presentations throughout the period. As a result, we have been able us to understand the nature of any stakeholder concerns and comply with our section 172 duty to promote the success of the Company and in furtherance of Group's purpose as illustrated in the Group's ARA. We set out below some examples of how we have had regard to the matters set out in s172.

Stakeholder	Key areas of interest	Examples of engagement during the year
Customer	• Player protection • Customer experience • Relevance of offering	In addition to hosting and serving our customers each and every day, we regularly, and formally, engage with them through quantitative and qualitative research to seek their views, opinions and insights into how we can improve our product, services and user journeys and experiences to better meet their needs and wants. We also proactively communicate to, and interact with, customers on the topic of safer gambling; examples of new initiatives introduced during the year to provide additional protections for vulnerable customers are set out on pages 45 to 46 of the Group's ARA. During the past year consumer research has provided key insights that have underpinned the development of the Grosvenor One omni-channel experience and new products such as new electronic roulette terminals and game content in Grosvenor. COVID-19 engagement Our focus during the COVID-19 pandemic lockdown has been to ensure that we provide additional protections for vulnerable customers. During the lockdown, the directors received updates on, and discussed, communications and engagement with our customers. Customers have also been at the heart of our planning for reopening. We undertook quantitative research to understand customer sentiment, which provided a good indication of how likely they were to return and the key concerns that we needed to address to encourage them to visit once able to do so. The research highlighted a need to focus on reassuring customers of the safety measures that we have put in place and informed both our operational approach and communication plans. Our reopening plans were discussed in detail by the directors and the Group's board. Post reopening, all social channels have been monitored to gather feedback on how our actions are meeting our customers' expectations, and regular customer surveys are in place to understand how well we are delivering and to identify any areas that we need to address from a customer perspective.
Our People	• Working environment • Safer gambling • Career development and progression opportunities • Inclusion & diversity • Amplifying the employee voice	Our people are the heart and soul of the business and central to its success. We ensure there are ongoing forums throughout the year that enable the exchange of opinion between employees and the directors and the sharing of views at a Group level. At a Group level, we also use monthly Town Hall meetings, which are broadcast to all locations around the world via the web and are available for subsequent review, as a means to communicate with

	• Effectiveness of communications • Remuneration and benefits	our employees and encourage their participation. The Group chief executive (also a director) responds to live questions in the Town Hall meetings. We also conduct a twice-yearly employee opinion survey against which we track sentiment and the engagement of our colleagues. Further information about the ways in which the Group engaged with our employees during the year can be found on pages 49 to 50 of the Group's ARA. COVID-19 engagement During the COVID-19 lockdown and subsequent reopening of our offices and venues, the directors were acutely aware of the need for continued engagement. New social media forums were established for Grosvenor colleagues to express views and share news. These also became useful for explaining furlough arrangements and the latest government guidance during lockdown. Importantly, colleagues were kept out of furlough in order to ensure that the business was able to maintain regular contact with those colleagues who had been furloughed, to check on their welfare and wellbeing.
Communities	• Charitable initiatives and contribution to society • Reputation • Employment	Community links are as important to the directors and our people as they are to our customers. Our venues are community hubs in which people spend leisure time and engage and interact with other customers and with our colleagues. The strength of our business is in part due to the long-term trust and relationships which exist between our colleagues and customers, who very often will have known each other for many years. During the year we were delighted, with the help of our customers, to continue to support the Carers Trust; more detail about our relationship with the Carers Trust and ways we have worked together during the year can be found on page 56 of the Group's ARA. COVID-19 engagement The directors and our colleagues were proud to participate in specific initiatives during the COVID-19 lockdown including providing meals for emergency service and NHS workers, support for local vulnerable people, free car parking facilities for NHS workers and many other activities to ensure that we were contributing to the national effort within our local communities. Further examples of how Group did this can be found on page 57 of the Group's ARA.
Regulators and Legislators	• Compliance with laws and regulations • Safer gambling • Affordability • Policy • Contribution to the shaping better regulation	Throughout the year, we have continued to build relationships and ensure an open dialogue with regulators, government officials and local authorities. Regular meetings and communications take place between our compliance team and the UK Gambling Commission. In addition, during the year, the Group chief executive (a director) has engaged with MPs, peers and government officials, including appearing before the House of Lords Select Committee regarding the social and economic impact of the gambling industry. We have actively participated in submissions for calls for evidence and consultations with the UK Gambling Commission and are active members of the Betting and Gaming Council and the Bingo Association. COVID-19 engagement Following the COVID-19 pandemic outbreak, we have held meetings and/or corresponded with Department for Digital, Culture, Media and Sport ("DCMS"), HM Treasury, Department for Business, Energy & Industrial Strategy ("BEIS"), Public Health England, devolved administrations in Scotland and Wales and the Home Office in our efforts to present the impact of the closures of our venues on our stakeholders, and our reopening plans. This

		included hosting representatives from Public Health England, the Cabinet Office and the DCMS at one of our Grosvenor venues in order to demonstrate the safety measures that we have implemented.
Suppliers	• Payment terms • Payment Practices • Fair trading • Robustness of our business • Long-term partnership	At a Group level, we have a dedicated procurement function which engages with our suppliers with the aim of optimising the way that we work with them. We build relationships regionally and locally with our suppliers to better understand the markets from where we source products and services. COVID-19 engagement During the year, we continued to build our strong and effective partnerships through regular communications, the benefit of which was evidenced during the COVID-19 pandemic when the business was able work with many of its partners to ensure a pragmatic approach to the challenges being faced by us and them. We also worked with our suppliers in support of the national effort including the provision of food and delivery services for meals for emergency service workers.

By order of the board

Mr W.J.S. Floydd
Director

Date: 17 December 2020

The directors present their report and financial statements for the year ended 30 June 2020.

Directors
The following were directors of the Company during the year and up to the date of these accounts:

Mr J.P. O'Reilly
Mr W.J.S. Floydd
Mr A. Morgan (resigned 31 July 2019)
Mr J.D. Swaine (appointed 22 October 2019)

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

Going concern
The principal risks and uncertainties of the Company are managed at a Group level, with the Group's intra-group funding structure administered by the Group on behalf of individual companies within the Group.

The Directors have assessed going concern of the entity and conclude that they are dependent on the group to provide support to reach that conclusion. As a member of the Rank Group intra-funding structure the Company has access to capital resources. In the unlikely event that such support is called upon the Directors have assessed the willingness and ability to provide the level of financial support required from Rank Group Finance Plc, which manage the Group's treasury function. This assessment covers 12 months from the approval of the financial statements and the directors are satisfied with the support available.

The Directors consider, following their review, that there is a degree of risk due to the impact of the COVID-19 pandemic on consumer sentiment, government policy and the overall impact on consumer demand, however, appropriate mitigation has been taken via a new equity placing raising gross proceeds of £70 million alongside negotiating an extension of its banking covenants, extending the liquidity covenant of a minimum £50 million in cash and available facilities, through to March 2022. As such, the board has a reasonable expectation that the Group is able to manage its business risks and to continue in operational existence for 12 months from the date of signing of the accounts.

On this basis, and with Rank Group Finance Plc having confirmed in writing its intention to continue to support the Company for 12 months from the approval of this report, the directors consider it appropriate to adopt the going concern basis for preparing the financial information.

Further detail on the Group's assessment of going concern can be found in the Directors' Report in the statutory accounts for Rank Group Finance Plc for the year ended 30 June 2020.

Human resources
The Company recognises that the contribution made by its employees is crucial to the success of the business. Substantial investment is therefore made in the training, development and motivation of employees with particular attention to ensuring customer satisfaction through the consistent achievement of high standards of service and delivery of quality products.

Employee involvement in the direction and objectives of the business is encouraged through the use of incentive schemes to focus employees on key performance indicators. In addition, communication and consultation programmes exist at site and Company level. The Company endorses the active application of equal opportunities policies and programmes to provide fair and equitable conditions for all employees regardless of sex, family status, religion, creed, colour, ethnic origin, age, disability or sexual orientation.

Future developments
Details of future developments are included in the Strategic Report on pages 2 to 12.

Stakeholder engagement
Details of engaging with our stakeholders are included in the Strategic Report on pages 2 to 12.

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- present fairly the financial position, financial performance, and cash flows of the Company;
- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in UK Generally Accepted Accounting Practice is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and final performance;
- state whether the financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements for the Company on the going concern basis, unless it is appropriate to assume that the Company will not continue in business, in which case there should be supporting assumptions or qualifications.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Insurance and indemnities
Rank has arranged insurance cover in respect of legal action against the directors of the Company. To the extent permitted by English law, the Company also indemnifies the directors. Neither the insurance nor the indemnity provides cover in situations where a director has acted fraudulently or dishonestly.

Financial instruments
The Company finances its activities with a combination of finance leases, intercompany funding and cash at bank, details of which are disclosed in note 22. Other financial assets and liabilities arise directly from the Company's operating activities.

These financial instruments give rise to market, credit and liquidity risks. As a wholly owned subsidiary of Rank many of these risks are combined on a group basis and managed by a centralised treasury team. Details of the financial risk management objectives and policies of this centralised team are disclosed in note 19 of Group's ARA. Details of how to obtain this report are shown in note 23.

Post balance sheet events
The Rank Group Plc, the parent undertaking of the smallest group to consolidate the financial statements of the Company, continues to closely monitor the ongoing government response to the COVID-19 pandemic in the markets in which it operates, and will continue to implement and adapt the business in response to the government guidance.

There is degree of risk relating to how COVID-19 will develop over the coming weeks and months after it was announced as a global health emergency by the World Health Organisation on 31 January 2020. Our major concern is to safeguard the health and wellbeing of our staff and as a result business travel has been stopped and video conferencing used as an alternative. Arrangements have been made for office staff, who can, to work from home. Where staff cannot work from home we have ensured that staff rotation and appropriate social distancing measures are in place to protect their wellbeing.

As at the date of signing the accounts, 21 of 51 Grosvenor Venues have been re-opened following the recent national lockdown. Trading in those venues is in line with expectations in the short period that venues have been able to reopen.

Auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps that ought to have been taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

In accordance with s487(2) of the Companies act 2006, Ernst & Young LLP will continue as auditors of the Company.

By order of the board

W.J.S. Floydd
Director

Date: 17 December 2020

Opinion

We have audited the financial statements of Grosvenor Casinos Limited (the 'Company') for the year ended 30 June 2020 which comprise the Income Statement, the Balance Sheet, the Statement of Comprehensive Income, the Statement of Changes in Equity and the related notes 1 to 25, 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 FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2020 and of its profit 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, 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.

Emphasis of Matter

We draw attention to note 1 and 25 of the financial statements, which describe the economic and social impact on the company as a result of COVID-19 which has the potential to impact on the Group's sales, profitability and cash flow given the ongoing uncertainty over restrictions attached to governments response to the pandemic and overall customer sentiment. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of twelve months from the date when the financial statements are authorised for issue.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 the 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 directors' report have been prepared in accordance with applicable legal

Matters on which we are required to report by exception

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

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

As explained more fully in the directors' responsibilities statement set out on page 14, 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 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 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.

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

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.

Ernst & Young LLP

Annie Graham (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow

17 December 2020

GROSVENOR CASINOS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Year ended 30 June 2020 Underlying £000	Year ended 30 June 2020 Separately disclosed items (note 3) £000s	Year ended 30 June 2020 Total £000s	Year ended 30 June 2019 Underlying £000	Year ended 30 June 2019 Separately disclosed items (note 3) £000s	Year ended 30 June 2019 Total £000s
Revenue	2	180,977	-	180,977	215,832	-	215,832
Cost of sales		(119,439)	-	(119,439)	(136,136)	-	(136,136)
Gross profit		61,538	-	61,538	79,696	-	79,696
Other operating income	3	12,954	-	12,954			
Other operating costs	3	(60,168)	2,001	(58,167)	(69,498)	(7,008)	(76,506)
Operating profit	3	14,324	2,001	16,325	10,198	(7,008)	3,190
Interest receivable	4	824	743	1,567	453	-	453
Interest payable	4	(2,518)	-	(2,518)	(186)	-	(186)
Net interest receivable	4	(1,694)	743	(951)	267	-	267
Profit from ordinary activities before taxation		12,630	2,744	15,374	10,465	(7,008)	3,457
Taxation	5	(4,314)	384	(3,930)	(2,289)	1,070	(1,219)
Profit for the period		8,316	3,128	11,444	8,176	(5,938)	2,238

All results are from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Year ended 30 June 2020 £000	Year ended 30 June 2019 £000
Profit (loss) for the year	11,444	2,238
Total comprehensive income (expense) for the year	11,444	2,238

GROSVENOR CASINOS LIMITED
BALANCE SHEET
AT 30 JUNE 2020

	Note	At 30 June 2020 £000	At 30 June 2019 £000
Fixed assets			
Intangible assets	8	69,067	69,829
Tangible assets	9	59,955	59,744
Right-of-use assets	10	53,593	-
Investments	11	-	-
		182,615	129,573
Current assets			
Stock	12	440	639
Other receivables	14	76,006	43,069
Cash at bank and in hand	19	-	17,071
		76,446	60,779
Payables: amounts falling due within one year			
Trade and other payables	15	(41,530)	(35,445)
Income tax payable		(2,432)	(3,395)
Lease liabilities	16	(14,320)	-
Obligations under finance leases		-	(668)
		(58,282)	(39,508)
Net current assets		18,164	21,271
Total assets less current liabilities		200,779	150,844
Payables: amounts falling due after more than one year			
Trade and other payables	15	(223)	(2,747)
Lease liabilities	16	(57,225)	-
Obligations under finance leases		-	(784)
Deferred tax liability	13	(6,721)	(7,595)
		(64,169)	(11,126)
Provisions for liabilities	17	(929)	(8,596)
Net assets		135,681	131,122
Capital and reserves			
Ordinary share capital	18	39,000	39,000
Retained earnings		96,681	92,122
Total equity		135,681	131,122

The notes on pages 21 to 40 are an integral part of these financial statements.

These accounts were approved by the board on 17 December 2020 and signed on its behalf by:

Mr W.J.S. Floydd
Director

GROSVENOR CASINOS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Ordinary share capital £000	Retained earnings £000	Total £000
At 1 July 2018	39,000	89,848	128,848
Total comprehensive income:			
Profit for the year	-	2,238	2,238
Transactions with owners:			
Credit in respect of employee share schemes including tax	-	36	36
At 30 June 2019	39,000	92,122	131,122
Effect of adoption of IFRS 16	-	(6,931)	(6,931)
At 1 July 2019 – Adjusted comprehensive	39,000	85,191	124,191
Total comprehensive income:			
Profit for the year	-	11,444	11,444
Transactions with owners:			
Credit in respect of employee share schemes including tax	-	46	46
At 30 June 2020	39,000	96,681	135,681

1. Accounting policies

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

A Basis of preparation

The financial statements are prepared in accordance with Financial Reporting Standards 101 'Reduced Disclosure Framework' and accordance with the Companies Act 2006. The Company has taken advantage of the following disclosure exemptions under FRS101:

- The requirements of IAS7 'Statement of Cash Flows';
- The requirements of paragraph 17 of IAS24 'Related Party Disclosures';
- The requirements in IAS24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- The requirements of paragraph 45(b) and 46-52 of IFRS2 'Share Based Payments';
- The requirements of IFRS7 'Financial Instruments: Disclosures';
- The requirements of paragraph 134(d) – 134(f) and 135(c) – 135(e) of IAS36 'Impairment of Assets';
- The requirements of paragraphs 10(d) and 134 – 136 of IAS1 'Presentation of Financial Statements'; and
- The requirements of paragraph 38 of IAS1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 73(e) of IAS16 'Property, Plant and Equipment', and paragraph 118(e) of IAS38 'Intangible Assets'.

The results of the Company, along with the equivalent disclosures in respect of the exemptions listed above are included in the Group's ARA, details of which are contained in note 23.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group. The financial statements have been prepared under the historical cost convention.

Going concern

The principal risks and uncertainties of the Company are managed at a Group level, with the Group's intra-group funding structure administered by the Group on behalf of individual companies within the Group.

The Directors have assessed going concern of the entity and conclude that they are dependent on the group to provide support to reach that conclusion. As a member of the Rank Group intra-funding structure the Company has access to capital resources. In the unlikely event that such support is called upon the Directors have assessed the willingness and ability to provide the level of financial support required from Rank Group Finance Plc, which manage the Group's treasury function. This assessment covers 12 months from the approval of the financial statements and the directors are satisfied with the support available.

The Directors consider, following their review, that there is a degree of risk due to the impact of the COVID-19 pandemic on consumer sentiment, government policy and the overall impact on consumer demand, however, appropriate mitigation has been taken via a new equity placing raising gross proceeds of £70 million alongside negotiating an extension of its banking covenants, extending the liquidity covenant of a minimum £50 million in cash and available facilities, through to March 2022. As such, the board has a reasonable expectation that the Group is able to manage its business risks and to continue in operational existence for 12 months from the date of signing of the accounts.

On this basis, and with Rank Group Finance Plc having confirmed in writing its intention to continue to support the Company for 12 months from the approval of this report, the directors consider it appropriate to adopt the going concern basis for preparing the financial information.

Further detail on the Group's assessment of going concern can be found in the Directors' Report in the statutory accounts for Rank Group Finance Plc for the year ended 30 June 2020.

Accounting estimates and judgements

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1. Accounting policies (continued)
A Basic of preparation (continued)

Critical accounting judgements
The following are the critical accounting judgements, apart from those involving estimates (which are dealt with separately below) that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The Company has changed the adjusted results it discloses on its consolidated income statement in addition to the IFRS compliant measures. The presentation of the income statement has changed from "before exceptional items" and "exceptional items" in the prior year to "underlying" and "separately disclosed items" ('SDIs') in the current year. The comparatives in the income statement have been restated to reflect this change.

SDIs are items that are material and infrequent in nature and/or do not relate to underlying business performance. They are effectively "exceptional items" as per the prior year plus other items that do not relate to underlying business performance. "Exceptional items" in the prior year were described as material non-recurring items. The change was made to provide more relevant information to the users of the accounts as the 'underlying' results more appropriately represent the underlying performance of the group, enable comparability between years and amongst peers within the industry, is in line with common practice and shows the underlying measures used to run the business.

Judgement is required in determining whether an item should be classified as an SDI or included within the underlying results.
Separately disclosed items include (but are not limited to):
- Amortisation of acquired intangible assets;
- Profit or loss on disposal of businesses;
- Acquisition and disposal costs including changes to deferred or contingent consideration;
- Impairment charges;
- Reversal of impairment charges;
- Restructuring costs as part of an announced programme;
- Retranslation and remeasurement of foreign currency contingent consideration;
- Discontinued operations; and
- Tax impact of all the above.

For further detail of those items included as SDIs, refer to note 3.

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of intangible assets and property, plant and equipment.
Details of the Company's accounting policy in relation to impairments and impairment reversals are disclosed in part E of this note.

The application of the policy requires the use of accounting estimates and judgements in determining the recoverable amount of cash-generating units to which the intangible assets and property, plant and equipment 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 costs of disposal are performed internally by experienced senior management supported by knowledge of similar transactions and advice from external experts or, if applicable, offers received. Value in use is calculated using estimated cash flow projections from financial budgets, discounted by selecting an appropriate rate for each cash-generating unit. The best estimate of the directors may differ from the actual results.

In the current year, as a result of the COVID-19 pandemic, the Company has assessed the impact of incorporating an additional COVID-19 risk factor into the impairment testing of goodwill and non-current assets and included additional sensitivity analysis in the disclosures. The key judgement is the timing for the reopening of venues post lockdown and the impact on estimated future cashflows. With regards to the reopening of venues there were indicators of some uncertainty observable at the balance sheet date with regards to these launch plans, these have been factored into the Company's impairment calculations as at 30 June 2020. At 30 June 2020 balance sheet date, the UK was still starting to move out of the "lockdown" phase and the date for casinos being permitted to reopen had not been announced at this point. Subsequently, casinos started to reopen from 15 August 2020.

1. **Accounting policies (continued)**

A **Basic of preparation (continued)**

(ii) Property related Provisions

Provisions are recognised in accordance with the policy disclosed in part L of this note. Estimates have been made in determining (1) the remaining costs from the Group restructuring and simplification project (2) the amount and likelihood of settlement of indirect tax provisions. Management's judgement is that the cost provided represents the lower of the cost of fulfilling the contract or the cost of exiting the contract. In calculating property lease provisions, estimates are made of the discounted cash flows associated with the property and its associated operations including sub-let income together with estimates of any dilapidation obligations. Further details of provisions made are disclosed in note 17. The best estimate of the directors may differ from the actual results.

Standards, amendments to and interpretations of existing standards adopted by the Company.

The following accounting standards, interpretations, improvements and amendments have become applicable for the current period:

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards
- IFRS 16 – Leases
- IFRIC 23 – Uncertainty over Income Tax Treatments

Other than IFRS 16 – Leases, which is discussed below, the Company has not been materially impacted by the adoption of any new standards in this financial year, and has not early adopted any standard, amendment or interpretation that was issued but is not yet effective.

IFRS 16 – Leases

The Company has adopted IFRS 16 using the modified retrospective method. Consequently, IFRS 16 is adopted from 1 July 2019 and comparatives for the year ended 30 June 2019 have not been restated, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 July 2019.

Transitional and current year impact

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.09%.

	£000
Operating lease commitments disclosed as at 30 June 2019	**85,854**
Impact of discounting using the lessee's incremental borrowing rate at the date of initial application	(10,457)
Subtotal	**75,398**
Finance lease liability already recognised as at 30 June 2019	3,579
Lease liability recognised as at 1 July 2019	**78,977**
Current liabilities	10,821
Non-current liabilities	68,156
Lease liability recognised as at 1 July 2019	**78,977**

Under the modified retrospective approach, the majority of associated right-of-use assets were measured as if IFRS 16 had always been applied. The remainder were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019. This approach was used for these leases due to the practical complexities of restating the right-of-use assets as though IFRS 16 had always been applied, for example, due to a lack of available historic data, and/or lease specific complexities such as a large number of modifications and peppercorn rent.

The Company did not change the initial carrying amounts of the recognised assets and liabilities at the date of the initial application for leases previously classified as finance leases (i.e. the right of use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 July 2019 onwards.

1. Accounting policies (continued)
A Basic of preparation (continued

The effect of adopting IFRS 16 as at 1 July 2019 is as follows:

Assets	**£000**
Right-of-use assets*	64,057
Net investment in finance leases	946
Prepaid rent	(2,536)
Deferred tax assets	1,626
Total assets	**64,093**
Liabilities	
Lease liabilities*	(78,977)
Rent accruals	2,686
Onerous lease provisions	5,267
Total liabilities	**(71,024)**
Total adjustment on equity:	
Retained earnings	**(6,931)**

* These balances exclude the impact of IAS 17 finance leases on transition since the Group as a lessee used the carrying amount of the lease asset and lease liability (£1.5m) immediately before the date of initial application on transition. There is no impact to retained earnings.

As at 30 June 2019, the onerous lease provision was £5.3m. The Company has taken the practical expedient to use this amount as an alternative to perform an impairment review and as at 1 July 2019, the Company reallocated the full onerous lease provision as an impairment against the right-of-use asset.

For the year ended 30 June 2020 operating profit increased by £2.6m and finance costs increased by £2.4m as a result of applying IFRS 16. The net impact was £0.2m of profit before tax. This is illustrated in the table below.

	£000
Operating profit	2,609
Finance costs	(2,371)
Profit before tax	238

Practical expedients applied as part of transitioning to IFRS 16
In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 determining whether an arrangement contains a lease.
- the use of hindsight in determining the lease term where the contract contains options to extend the lease; and
- onerous lease provisions have been netted against the right-of-use asset balances at the initial application date.

1. Accounting policies (continued)
B Revenue recognition
Revenue consists of the fair value of sales of goods and services net of VAT, rebates and discounts.

(a) *Gaming win*
Revenue for casinos includes gaming win before deduction of gaming-related duties. Although disclosed as revenue, gaming win – casino is accounted for and meets the definition of a gain under IFRS 9 "Financial Instruments". Gaming revenue includes gains and losses arising where customers play against the house. Due to the nature of the transaction, the amount of the payment the Group may be obliged to pay to the customer is uncertain. The financial instrument is therefore a derivative and is initially recognised at fair value and subsequently remeasured to fair value with changes in fair value recorded in profit and loss. The initial fair value is generally the amount staked by the customer and includes adjustment for customer incentives, such as free bets, promotions and customer bonuses, where applicable. The instrument is subsequently remeasured when the result of the transaction is known and the amount payable is confirmed. This movement may be a gain or a loss. Gains and losses are offset on the basis that they arise from similar transactions. Such gains and losses are recorded in revenue.

(b) *Food and beverage*
Revenue from food and beverage sales is recognised at the point of sale.

The Company's business operates solely in the United Kingdom.

C Intangible assets
(i) *Computer software and other development costs* - Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programmes are recognised as expenses are incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets for both externally purchased and internally developed software. Direct costs include employee costs for software development.

Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives (three to five years).

(ii) *Casino licences* - The Company capitalises purchased casino licences. The amount capitalised is the difference between the price paid for a casino property and the associated licence and the fair value of a similar property without a casino licence. Management believes that casino licences have indefinite lives as based on all relevant factors there is no foreseeable limit to the period over which the licences are expected to generate net cash inflows and each licence holds a value outside the property in which it resides. Each licence is reviewed annually for impairment. Any costs incurred renewing casino licences are expensed as incurred.

D Tangible assets
Tangible assets are stated at cost, net of accumulated depreciation and impairment. Such cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.
Depreciation is calculated on assets using the straight-line method to allocate their cost less residual values over their estimated useful lives, as follows:

- freehold and leasehold property 50 years or lease term if less;
- refurbishment of property 5 -20 years; and
- fixtures, fittings, plant and machinery 3 - 20 years.

Residual values and useful lives are reviewed, and adjusted prospectively if appropriate, at each balance sheet date. Land is not depreciated. An item of tangible assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

Pre-opening costs are expensed to the income statement as incurred.

1 . Accounting Policies (continued)

E Impairment of intangible assets and tangible assets
Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or where they indicate a previously recognised impairment may no longer be required.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). The expected cash flows generated by the assets are discounted using appropriate discount rates, which reflect the time value of money and risks associated with the companies of assets.

If an impairment loss is recognised, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an exceptional expense in the income statement immediately.
Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as exceptional income immediately.

Any impairment is allocated equally across all assets in a cash generating unit unless there is an indication that a class of assets should be impaired in the first instance or a fair market value exists for one or more assets. Once an asset has been written down to its fair value less costs to sell then any remaining impairment is allocated equally amongst the remaining assets.

F Investments in subsidiaries
Investments in subsidiaries are held at cost less impairment.

G Taxation
Current tax is applied to taxable profits at the prevailing tax rate for the year.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

H Employee benefit costs
(i) Pension obligations – The Company participates in a group defined contribution plan under which the Company pays fixed contributions to a separate entity. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

(ii) Share-based compensation - The Company operates an equity-settled, share-based compensation plan relating to Rank. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

(iii) Bonus plans – The Company recognises a liability in respect of the best estimate of bonuses payable where contractually obliged to do so or where past practice has created a constructive obligation.

1 . Accounting Policies (continued)

I Stock

Stock is valued at the lower of cost and net realisable value. Cost of stock is determined on a "first in, first out" basis. The cost of finished goods comprises goods purchased for resale. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. When necessary, provision is made for obsolete and slow-moving inventories.

J Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company only holds financial assets that are classified and measured at amortised cost.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes other receivables and cash.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

• The rights to receive cash flows from the asset have expired

Or

• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party.

Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For other receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company assesses this based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment.

1. Accounting Policies (continued)
J Financial Assets (continued)

Impairment
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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For other receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company assesses this based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment.

K Cash and cash equivalents
Cash and short-term deposits in the balance sheet include cash at banks and in hand and short-term deposits with an original maturity of three months or less.

L Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the best estimate of the expenditures required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

M Separately disclosed items
The Company separately discloses those items which are required to give a full understanding of the Company's financial performance and aid comparability of the Company's results between periods. Exceptional items are considered by the directors to require separate disclosure due to their size or nature in relation to the Company.

N Financial Liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Company's financial liabilities include trade and other payables.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortised cost
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

1. Accounting Policies (continued)
N Financial Liabilities (continued)

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

O Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

P Foreign currency translation
The Company's functional and presentational 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.

2. Revenue

	Year ended 30 June 2020 £000	Year ended 30 June 2019 £000
Geographical market		
UK	180,977	215,832
Total	180,977	215,832

An analysis of the Company's revenue by category is as follows:

	Year ended 30 June 2020 £000	Year ended 30 June 2019 £000
Category		
Gaming win - Casino	168,634	198,779
Food and beverage	10,561	14,949
Other	1,782	2,104
Total	180,977	215,832

3. Operating profit for the year

The following items have been charged (credited) in arriving at operating profit for the year:

	Note	Year ended 30 June 2020 £000	Year ended 30 June 2019 £000
Other operating income		12,954	-
Staff costs	20	61,857	67,512
Cost of stock recognised as expense		6,838	8,597
Amortisation of intangibles	8	353	451
Depreciation of tangible assets			
- owned assets	9	12,266	13,227
- finance lease assets	9	-	615
- right-of-use assets	10	9,584	-
Exceptional costs (see below)		(2,744)	7,008
Operating lease rentals			
- minimum lease payments		-	13,791
- sub lease income		-	(477)
Repairs and maintenance expenditure on tangible assets		1,968	2,127

Other operating income for the year ended 30 June 2020 related to government grants received from reimbursement of employee costs relating to staff furloughed due to COVID-19 under the Coronavirus Job Retention Scheme.

Audit fees of £5k have been borne by a fellow group company, Rank Leisure Holdings Limited.

The analysis of the exceptional items during the year is as follows:

	Year ended 30 June 2020 £000	Year ended 30 June 2019 £000
Exceptional operating costs:		
Property related provisions	-	(299)
Impairment of assets	2,677	380
Pay Provision	(1,088)	2,500
VAT claim	(3,596)	-
Restructuring and relocation costs	6	4,427
Exceptional operating cost	(2,001)	7,008
Interest receivable	(743)	-
Total exceptional operating cost	(2,744)	7,008

3. Operating profit for the year (continued)

Year ended 30 June 2020

Impairment charges

Following the closure of venues as a result of the COVID-19 outbreak, the Company recognised impairment charges of £2.7m. These non-cash charges are material and not expected to occur every year and as such have been disclosed separately to allow comparability between periods and to reflect the underlying performance of the business.

Pay provision

In the year ended 30th June 2019, the Company made a £2.5m provision for the ongoing HMRC investigation into breaches of the National Minimum Wage regulations. The Company reached agreement with HMRC in early 2020 for total costs of £1.4m resulting in a provision release of £1.1m. All costs have been settled. As these are material, infrequent items and do not form part of the underlying business performance, they are removed from the underlying results.

VAT claim

During the year, the Company successfully concluded the legal process to reclaim VAT paid on slot machines between 2002 and 2005. This amounted to £3.6m and a further £0.7m is reported as a separately disclosed item within net financing income. These have been removed from underlying operating results as they are material, infrequent in nature and do not represent underlying performance.

Interest receivable

In the year, £0.7m of finance income relates to interest on the successful VAT claim. These have been removed from underlying operating results as they are material, infrequent in nature and do not represent underlying performance.

Year ended 30 June 2019

A net credit of £299,000 from onerous property leases has been recognised in the year. This represents a net release from small changes in cost expectations at three properties where an onerous lease is currently recognised.

The company recognised an impairment charge of £380,000 in respect of the venue at Southend as it had not performed in line with expectations and are not expecting significant improvements. This impairment charge is entirely against the tangible fixed assets of this venue.

The Company also recognised £4,427,000 of redundancy and relocation costs due to finalising the Group restructuring and simplification project.

The pay provision regarding the National Minimum Wage (NMW) Regulations has arisen because Rank's pay averaging practice does not meet the strict timing requirements of the NMW Regulations. Rank does not have any headline rates of pay below the NMW and over the course of a year colleagues will have received their contractual rate of pay. However, in some pay periods where greater than average hours are worked colleagues will have been paid less than that required in the NMW Regulations. The £2.5m exceptional cost represents the Company's current best estimate of payments that are required to be made.

4. Interest

	Year ended 30 June 2020 £000	Year ended 30 June 2019 £000
Interest receivable		
Interest receivable from Group companies	799	453
Interest receivable on leases	25	-
Total	824	453
Interest payable		
Interest payable on finance leases	-	(101)
Interest payable on leases	(2,518)	-
Unwinding of discount in provisions	-	(85)
Total	(2,518)	(186)
Total net interest receivable	(1,694)	267

5. Taxation

	Year ended 30 June 2020 £000	Year ended 30 June 2019 £000
Current tax		
UK corporation tax in respect of current year	2,703	2,580
Separately disclosed items	671	(1,021)
Adjustment in respect of prior years	(192)	10
Total current tax	3,182	1,569
Deferred tax		
Origination and reversal of timing differences	159	(335)
Exceptional items	(287)	(49)
Deferred tax restatement	902	46
Adjustment in respect of prior years	(26)	(12)
Total deferred tax	748	(350)
Tax charge in the income statement	3,930	1,219

Current tax on separately disclosed items includes £nil (2019: £57,000 charge) relating to the net costs from property related provisions, a tax credit of £1,000 (2019: £841,000) relating to restructuring and relocation costs, a tax charge of £14,000 (2019: £237,000 credit) relating to HMRC Pay provision, a tax credit of £167,000 (2019: £Nil) on the impairment of assets and a tax charge of £825,000 (2019: £Nil) in relation to a VAT claim and associated interest.

The tax on the Company's profit before tax differs from the standard rate of UK corporation tax in the period of 19.00% (2019: 19.00%). The differences are explained below:

	Year ended 30 June 2020 £000	Year ended 30 June 2019 £000
Profit before tax	15,374	3,457
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	2,921	657
Effects of:		
Expenses not deductible for tax purposes	325	518
Adjustment in respect of prior years	(218)	(2)
Deferred tax restatement	902	46
Tax charge in the income statement	3,930	1,219

The tax rate for the current year is the same as prior year.

A reduction to the UK corporation tax rate from 19% to 18% (effective from 1 April 2020) was substantively enacted on 26 October 2015. A further reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

On 11 March 2020, the Chancellor of the Exchequer announced that the UK corporation tax rate for the years starting 1 April 2020 and 2021 would remain at 19%. This change was substantively enacted on 17 March 2020.

Tax on items charged to equity

	Year ended 30 June 2020 £000	Year ended 30 June 2019 £000
Current tax		
Deferred tax charge on employee share schemes	4	2
Deferred tax credit on right-of-use assets	(1,626)	-
Current tax (credit)/charge on employee share schemes	(1)	2
Total tax (credit)/charge in reserves	(1,623)	4

6. Dividends

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

7. Impairment review of intangible assets

The carrying value of indefinite life casino licences as at 30 June 2020 was £68.7m (2019: £69.4m). Details of the impairment review process are disclosed in the Group ARA. The recoverable amount has been determined based on a value in use calculation using cash flow projections over the length of the associated lease or 50 years for freehold properties.

8. Intangible assets

	Computer software £000	Casino licences £000	Total £000
Cost			
At 1 July 2019	2,946	79,434	82,380
Additions	242	-	242
At 30 June 2020	3,188	79,434	82,622
Aggregate amortisation and impairment			
At 1 July 2019	(2,500)	(10,051)	(12,551)
Charge for the year	(353)	-	(353)
Impairment	-	(651)	(651)
At 30 June 2020	(2,853)	(10,702)	(13,555)
Net book value			
At 30 June 2019	446	69,383	69,829
At 30 June 2020	335	68,732	69,067

9. Tangible assets

	Freehold land and buildings £000	Leasehold land and buildings £000	Fixtures, fittings, plant and machinery £000	Total £000
Cost				
At 1 July 2019	9,304	27,636	183,847	220,787
IFRS 16 transition impact	-	(2,007)	(10,891)	(12,898)
Additions	103	463	15,254	15,820
Assets written-off	-	(76)	(924)	(1,000)
At 30 June 2020	9,407	26,016	187,286	222,709
Aggregate depreciation and impairment				
At 1 July 2019	(4,644)	(19,158)	(137,241)	(161,043)
IFRS 16 transition impact		1,724	9,977	11,701
Charge for the year	(76)	(1,305)	(10,885)	(12,266)
Net Impairment charge (see note 3)	-	(569)	(577)	(1,146)
At 30 June 2020	(4,720)	(19,308)	(138,726)	(162,754)
Net book value				
At 30 June 2019	4,660	8,478	46,606	59,744
At 30 June 2020	4,687	6,708	48,560	59,955

Assets under construction

Included in plant and equipment are assets in the course of construction of £12.3m (2019 £6.8m).

	At 30 June 2020 £000	At 30 June 2019 £000
Land:		
Freehold Land	2,712	2,712

10. Right-of-use assets

	Right-of-use land and buildings £000	Right-of-use Fleet and machinery £000	Total £000
Cost			
At 1 July 2019 – Recognition of right-of-use assets on application of IFRS 16	62,700	1,357	64,057
Additions	-	-	-
Disposals	-	-	-
At 30 June 2020	62,700	1,357	64,057
Aggregate depreciation and impairment			
At 1 July 2019	-	-	-
Charge for the year	(8,959)	(625)	(9,584)
Disposals	-	-	-
Impairment	(880)	-	(880)
At 30 June 2020	(9,839)	(625)	(10,464)
Net book value			
At 30 June 2020	52,861	732	53,593

11. Investment in subsidiaries

	Investments £000
Cost	
At 1 July 2018, 30 June 2019, 30 June 2020	509
Impairment	
At 1 July 2018 and 30 June 2019	(509)
Impairment	-
At 30 June 20220	(509)
Net book value	
At 1 July 2018 and 30 June 2019	-
At 30 June 2020	-

12. Stock

	At 30 June 2020 £000	At 30 June 2019 £000
Finished goods	440	639

There were no write downs of stock in either year.

13. Deferred tax

	At 30 June 2020 £000	At 30 June 2019 £000
Accelerated capital allowances	4,624	3,983
Other temporary differences	40	10
Right-of-use assets	1,443	-
Deferred tax asset	6,107	3,993
Casino licences	(12,828)	(11,588)
Deferred tax liability	(12,828)	(11,588)
Net deferred tax liability	(6,721)	(7,595)
Accelerated capital allowances	(641)	(344)
Casino licences	1,240	-
Right-of-use assets	183	-
Other temporary differences	(34)	(6)
Deferred tax expense in the income statement	748	(350)

The reconciliation of movement in the net deferred tax liability is as follows:

Net deferred tax liability at start of year	(7,595)	(7,943)
Deferred tax (expense)/ credit in the income statement	(748)	350
Deferred tax credit/ (charge) to equity	1,622	(2)
Net deferred tax liability at end of year	(6,721)	(7,595)

14. Other receivables

	At 30 June 2020 £000	At 30 June 2019 £000
Amounts owed by parent and fellow subsidiary undertakings	67,936	38,566
Other receivables	1,601	759
Prepayments and accrued income	6,469	3,744
Amounts falling due within one year	76,006	43,069

No receivables were impaired at either balance sheet date. Other receivables do not contain impaired or past due assets.

The directors consider that the carrying value of other receivables approximate to their fair value. Intercompany interest is charged at a rate of 1.14% (2019: 1.04%). The Company does not hold any collateral as security.

The movement between the balance sheet dates reflects the movement in the intercompany loans. Cash generated during the period has been pooled in accordance with the Group's treasury policy to a fellow subsidiary resulting in an increase in amounts due from this fellow subsidiary.

15. Trade and other payables

	At 30 June 2020 £000	At 30 June 2019 £000
Trade payables	6,734	3,125
Other tax and social security	22,253	17,913
Accruals	12,543	13,773
Interest repayable	-	634
Current	41,530	35,445
Other payables	223	2,747
Non-current	223	2,747

15. Trade and other payables (continued)

The Company's trade payables are all due within one year. Due to the short-term nature of these payables the carrying value equates to the contractual amount due as the impact of discounting is not considered material. Amounts owed to subsidiary undertakings are repayable on demand and accordingly have no set maturity date. The Company has provided no collateral as security.

16. Leases

The Company leases various properties and equipment. Rental contracts are made for various fixed periods ranging up to 94 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Company as a lessee.

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	Year ended 30 June 2020 £000
As at 1 July 2019	**78,977**
Additions	-
Accretion of interest	2,609
Payments	(10,041)
As at 30 June 2020	71,545
Current liabilities	14,320
Non-current liabilities	57,225
Total	71,545

The maturity analysis of lease liabilities is disclosed below:

	As at 30 June 2020	
	Present value of the minimum lease payments £000	**Total minimum lease payments £000**
Not later than one year	14,320	13,006
After one year but not more than five years	37,218	42,737
After five years	20,007	21,556
	71,545	77,299
Less: total future interest expenses		(5,753)
Present value of lease liabilities		71,545

The following are the amounts recognised in profit or loss:

	Year ended 30 June 2020 £000
Depreciation expense of right-of-use assets	9,584
Interest expense on lease liabilities	2,518
Variable lease payments not included in the measurement of lease liabilities	6,502
Total amount recognised in income statement	18,604

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The undiscounted potential future rental payments relating to extension options that are unlikely to be exercised following the exercise date of extension are £62.2m (£22.2m within five year; £40.0m more than five years).

17. Provision for other liabilities and charges

	Property leases £000	Indirect tax provision £000	Pay provision £000	Total £000
At 1 July 2019	5,800	296	2,500	8,596
Impact on application of IFRS 16	(5,267)	-	-	(5,267)
Released to income statement– exceptional	-	-	(1,088)	(1,088)
Unwinding of discount	-	-	-	-
Utilised in year	-	-	(1,312)	(1,312)
At 30 June 2020	533	296	100	929

	At 30 June 2020 £000	At 30 June 2019 £000
Current	929	4,170
Non-current	-	4,426
Total	929	8,596

Property related provisions
The balance as at 1 July 2019 has been restated to remove the onerous lease provisions of £5.3m which have been reclassified as an impairment of the right-of-use asset as at the date of initial application of IFRS 16, refer to note 1. As at 30 June 2020, the balance comprised of £0.5m of dilapidations provisions, which relates to unavoidable costs that the Company would need to pay in order to restore a property to its original condition under contractual obligations.

Indirect tax provision
The indirect tax provision relates to an amusement machine licence duty claim by HMRC. The balance of £0.3m represents the director's best estimate of the outflow likely to arise.

Pay provision
The provision regarding the National Minimum Wage ("NMW") Regulations arose because the Group's pay averaging practice did not meet the strict timing requirements of the NMW Regulations. The Group does not have any headline rates of pay below the NMW and over the course of a year colleagues will have received their contractual rate of pay. However, in some pay periods where greater than average hours were worked colleagues will have been paid less than that required in the NMW Regulations. The £2.5m separately disclosed item represented the Company's best estimate of payments that were required to be made for the previous six years as at the 30 June 2019 balance sheet date. The Group reached agreement with HMRC in early 2020 for costs of £1.3m resulting in a provision release of £1.1m. All costs have been settled or are in the process of being settled for those employees for whom the Group is still in contact for payment details.

18. Ordinary share capital

	At 30 June 2020 £000	At 30 June 2019 £000
Authorised, issued and fully paid		
39,000,000 ordinary shares of 100p each	39,000	39,000

19. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	At 30 June 2020 £000	At 30 June 2019 £000
Cash at bank and in hand	-	17,071

20. Employees and directors

	Year ended 30 June 2020 £000	Year ended 30 June 2019 £000
Employee benefit expense during the year		
Wages and salaries	56,419	61,313
Social security costs	3,834	4,509
Pension contribution costs	1,547	1,726
Share based payments	57	(36)
Total	61,857	67,512

The average monthly number of employees in the year was 3,135 (2019: 3,448).

	Year ended 30 June 2020 £000	Year ended 30 June 2019 £000
Directors		
Aggregate emoluments	424	539
Company contributions to pension schemes	55	42
Total	479	581
Highest paid director		
Aggregate emoluments	202	234
Company contributions to pension schemes	16	19
Total	218	253

The payment of Director's emoluments are borne by another company within the group, therefore the figures shown above represents the amount recharged through management charges to the Company based on the group structure at the balance sheet date. No director exercised any share options or made any gains on the exercise of share options in either period.

Retirement benefits
The Company participates in a Group defined contribution plan under which the Company pays fixed contributions to a separate entity. Company contributions in the year ended 30 June 2020 were £1,547,000 (2019: £1,726,000).

21. Capital commitments

	At 30 June 2020 £000	At 30 June 2018 £000
Contracts placed for future capital expenditure but not provided in the financial information	1,392	1,588

22. Financial assets and liabilities

The accounting policies for financial assets have been applied to the line items below:

	Other financial assets	
	At 30 June 2020 £000	At 30 June 2019 £000
Other receivables	76,006	39,325
Cash at bank and in hand	-	17,071
Total	76,006	56,396

The accounting policies for financial liabilities have been applied to the line items below:

	Other financial liabilities	
	At 30 June 2020 £000	At 30 June 2019 £000
Lease liabilities	71,545	-
Finance lease obligations	-	1,452
Property leases	-	7,170
Trade and other creditors	19,500	19,645
Total	91,045	28,267

23. Parent undertakings and related party transactions

The Company's immediate parent undertaking is Rank Casino Holdings Limited, a company incorporated in England and Wales.

The ultimate parent undertaking is Hong Leong Company (Malaysia) Berhad (Hong Leong), which is incorporated in Malaysia. Hong Leong is the parent undertaking of the largest group to consolidate these financial statements. The Rank Group Plc is the parent undertaking of the smallest group to consolidate these financial statements. Copies of the Group's consolidated ARA can be obtained from https://www.rank.com/en/investors/results--reports--presentations.category1.html or by written request to the Company Secretary at TOR, Saint-Cloud Way, Maidenhead, SL6 8BN.

Details of compensation of key management are disclosed in note 20.

24. Contingent liabilities

Concurrent to a sale and leaseback transaction in 2006, the Company transferred the rights and obligations but not the legal titles of a number of property leases to a third party. The Company remains potentially liable in the event of default by the third party. Should default occur then the Company would have recourse to two guarantors. It is understood that, of the leases transferred, only one of these has not expired or been surrendered. This lease has a remaining duration of 7 years and a current annual rental obligation (net of sub-let income) of approximately £311,000.

During 2014, the Company became aware of certain information in respect of a change in the financial position of the third party and one of the guarantors. However, the Company has not to date been notified of any default, or intention to default, in respect of the transferred leases.

25. Post balance sheet events

The Rank Group Plc, the parent undertaking of the smallest group to consolidate the financial statements of the Company, continues to closely monitor the ongoing government response to the COVID-19 pandemic in the markets in which it operates, and will continue to implement and adapt the business in response to the government guidance.

There is degree of risk relating to how COVID-19 will develop over the coming weeks and months after it was announced as a global health emergency by the World Health Organisation on 31 January 2020. Our major concern is to safeguard the health and wellbeing of our staff and as a result business travel has been stopped and video conferencing used as an alternative. Arrangements have been made for office staff, who can, to work from home. Where staff cannot work from home we have ensured that staff rotation and appropriate social distancing measures are in place to protect their wellbeing.

As at the date of signing the accounts, 21 of 51 Grosvenor Venues have been re-opened following the recent national lockdown. Trading in those venues is in line with expectations in the short period that venues have been able to reopen.