GROSVENOR CASINOS LIMITED
Registered No. 877080

REPORT

AND

FINANCIAL STATEMENTS

30 JUNE 2018

Corporate information

Directors
Mr J.P. O'Reilly
Mr A. Morgan
Mr J.C. Pizey

Secretary
Ms L.A. Wright

Auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers
RBS
250 Bishopsgate
London
EC2M 4AA

Registered Office
TOR, Saint-Cloud Way
Maidenhead
Berkshire
SL6 8BN
United Kingdom

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 casino operations of The Rank Group Plc ('Group'), which includes Grosvenor (GC) Casinos Limited and The Gaming Group Limited. The main aims of the strategy for the casino 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;
- Developing our venues – continuing to invest in existing venues (in terms of product, environment and service) and by creating new ones;
- Investing in our brands and marketing – through increased brand marketing programmes and providing appropriate support for the established brands; and
- Using technology to drive efficiency and improve customer experience – by speeding up processes, harnessing technological developments and increasing digital technologies in casino venues.

The Company's overall performance has regressed year on year, with both revenue decline and margin reduction. Trading was difficult in the London venues, notably impacted by major players and a low win margin. The overall trading environment continues to be impacted by more stringent customer due diligence following the UK Gambling Commission's published advice in September 2017.

In light of recent performance, the Group has established a transformation programme focused on improving our organisational capabilities to deliver our strategy. The transformation programme will be a mix of cost savings and revenue generation initiatives reflecting the need to improve efficiency as well as growing the business. The transformation programme has just commenced but initiatives may include scheduling, multi-skilling, new products, procurement, central systems, customer bonus controls, promotional effectiveness, improvements in customer due diligence processes and estate management.

The Company recorded pre-tax profits of £0.8m for the year (2017: £10.8m) and revenue of £218.7m (2017: £236.5m). Included within the profit for the year driver is £11.6m of exceptional costs (2017: £4.9m), which is one of the main drivers for the fall in profit. These costs include restructuring costs, adjustments to onerous property lease provisions and impairment adjustments at clubs where there has been a change in expected future performance. Further details of these exceptional items are shown in note 3 to the Financial Statements.

The balance sheet as at 30 June 2018 shows net current assets of £14.5m (2017: £28.2m), and the Company generates a positive operating cash inflow. The reduction in net current assets year on year is a direct result of the dividend approved and paid by the directors in the year of £26.0m (2017: £210.5m), as disclosed in note 6 and the £5.2m impairment of three venues as disclosed in note 3. The directors consider that is appropriate to prepare the financial statements on a going concern basis.

Key performance indicators

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 34 and 35 of the Group's 2018 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 principle risks and uncertainties of the Group, which include those of the company, are discussed on pages 44 to 46 of the Group's ARA for the year ended 30 June 2018.

Principal risks and uncertainties (continued)

The Company operates in a competitive market with limited supply and the action of its competitors, particularly new or relocated casinos, can impact on the performance of the Company. The Company actively defends its position against new entrants to the market in existing locations. The risks and uncertainties and their mitigations pertaining to the Company are below:

Additional risks not presently known to management, or currently deemed less material, may also have an adverse effect on the business. Examples of other risks include ongoing changes in the macroeconomic environment and Brexit implications.

Principal risk		**Change in risk/Impact**	**Risk mitigation strategy**
Laws and regulations	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. Current key risk areas include: • responsible gambling (including adverse impact on brand and reputation); • anti-money-laundering enhanced due diligence requirements; and • jurisdiction management.	*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 Company ensures that it actively provides and promotes a compliant environment in which customers can play safely. The Company participates in trade bodies' representations to political and regulatory bodies to ensure that such stakeholders clearly understand the positive contribution that the business provides to the economy. The Company also works with stakeholders, customers and regulators to help public understanding of the gaming offers it provides. The Company engages with regulators as appropriate and examines the learnings from, and measures adopted by, other operators and sectors of the gambling industry.
Taxation	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: • Machine Gaming Duty; and • Gaming Duty.	*Stable* It is envisaged that there will be no further changes in taxation in the immediate future.	The Company continues to monitor taxation levels, performs regular analysis of the financial impact to the organisation of changes to taxation rates and develops organisational contingency plans as appropriate.

Principal risks and uncertainties (continued)

Principal risk		Change in risk/Impact	Risk mitigation strategy
Changing customer needs	Progressive changes over time in retail consumer spending habits are resulting in lower numbers of customer visits. This can also be attributable to the overall retail proposition declining in relevance to the consumer and changes in the macroeconomic environment.	*Increasing* With the retail macroeconomic environment, changes in consumer spending habits and need to continually assess the relevance of the proposition, this is requiring an ever-increasing focus by the Company.	The Company monitors financial performance across the clubs with clubs performing adversely being raised for remedial attention. Changing the club product and service offering to have greater appeal to today's more leisure-oriented customer is being developed through segmentation and new product offerings.
Strategic projecs	Key strategic projects could fail to deliver resulting in missed market opportunities, and/or take longer to deliver resulting in missed synergies and savings. Current key strategic projects include: • Grosvenor One; and • content management system.	*Increasing* A failure to deliver key strategic projects impacts on customer loyalty and the strategic growth of the organisation.	Key strategic projects are subject to detailed management oversight from a project team as well as having sponsorship from a senior-level stakeholder. The Company has a structured and disciplined project delivery methodology to ensure that critical projects are robustly managed to achieve their outcome. A comprehensive project risk approach is also undertaken within the project, managed by experienced project managers
Business continuing planning	Planning and preparation of the organisation to ensure it overcomes serious incidents or disasters and resumes its normal operations within a reasonably short period is critical to ensure that minimal impact occurs to its operations, customers and reputation. Typical disasters that business continuity covers can include: natural disasters including 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 have not changed significantly and are known and understood.	Company business continuity plans have been developed and are in place for key business areas, with an ongoing refresh to ensure that they remain current for all business areas. This approach includes the development, embedding and refinement of the incident and crisis management approach for the Company in order to proactively manage these incidents.

Principal risks and uncertainties (continued)

Principal risk		Change in risk/Impact	Risk mitigation strategy
Customer data management	Processing of personal customer data (including name, address, age, bank details and betting/ gaming history) is performed and therefore must comply with strict data protection and privacy laws in all jurisdictions in which the Company operates, such as GDPR. The Company is exposed to the risk that this data could be wrongfully appropriated, lost or disclosed, or processed in breach of data protection regulations. This could result in prosecutions including potential financial penalties and the loss of the goodwill of its customers. It could also deter new customers.	*Stable* The Company has developed a robust control environment in relation to customer data controls and the regulatory requirements	Awareness, training and recruitment of a data protection officer to oversee ongoing data regulation compliance. A programme of activity has been initiated to ensure the Company meets the GDPR requirements and continues to improve its current control environment.
Cyber security and resilience	Cyber attacks can disrupt and cause considerable financial and reputational damage to the Company. If a cyber attack were to occur the Company 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.	*Increasing* Due to the persistent nature of this threat and reliance on core technology systems, this is considered an increasing risk to the Company.	External cyber benchmarking has been performed 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.
Third party supply chain	The Company 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 remain unchanged.	The Company has a central team in place to oversee the process for acquisition of suppliers across the Company. Close communication and relationships are in place with suppliers to ensure that Company requirements can be met.

Principal risks and uncertainties (continued)

Principal risk		Change in risk/Impact	Risk mitigation strategy
Volatility of gaming win	The nature of the games played means that win margin can fluctuate in the short term, although it will generally perform at a stable average over a longer period. The important VIP sector of the business in both retail and digital contains a small volume of customers who can themselves create volatility in the overall margin given the value of their gaming play. Issues with misfeasance or the accurate management of the games can also affect win margins.	*Stable* Fluctuations in gaming win margin directly affect profitability.	Gaming limits are utilised across all areas of gaming operations to continually manage risk exposure. Such limits are reviewed as appropriate.

By order of the board

J.C. Pizey
Director
Date: 7 December 2018

The directors present their report and financial statements for the year ended 30 June 2018.

Directors

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

Mr H. B. Birch (resigned 7 May 2018)
Mr C.A.R. Jennings (resigned 17 August 2018)
Mr J.P. O'Reilly (appointed 7 May 2018)
Mr A. Morgan (appointed 2 July 2018)
Mr J.C. Pizey (appointed 18 August 2018)
Ms F. Bingham (Company Secretary – resigned 1 May 2018)
Ms L.A. Wright (Company Secretary – appointed 1 May 2018)

Dividends

The directors approved the payment of a dividend of £26.0m (2017: £210.5m). The prior year dividend was a direct result of the Group restructuring and simplification project undertaken.

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 6.

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

The Group 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 23. 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 the Group 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 24.

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

J.C. Pizey
Director

Date: 7 December 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROSVENOR CASINOS LIMITED

Opinion

We have audited the financial statements of Grosvenor Casinos Limited for the year ended 30 June 2018 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, 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 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report 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.

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 at least 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 set out on pages 1 to 8, 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 requirements.

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 7, 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

Julie Carlyle (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 10 December 2018

GROSVENOR CASINOS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Revenue	2	218,692	236,523
Cost of sales		(140,148)	(149,451)
Gross profit		78,544	87,072
Other operating costs	3	(66,218)	(72,761)
Exceptional operating cost	3	(11,620)	(4,908)
Operating profit	3	706	9,403
– interest receivable	4	200	1,204
– interest payable	4	(135)	(302)
Net interest receivable		65	902
Dividend from shares in subsidiary undertakings		-	495
Profit on ordinary activities before taxation		771	10,800
Taxation	5	(1,127)	(2,069)
(Loss) profit for the year		(356)	8,731

All results are from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
(Loss) profit for the year	(356)	8,731
Total comprehensive (expense) income for the year	(356)	8,731

GROSVENOR CASINOS LIMITED
BALANCE SHEET
AT 30 JUNE 2018

	Note	At 30 June 2018 £000	At 30 June 2017 £000
Fixed assets			
Intangible assets	8	70,110	70,522
Tangible assets	9	63,029	71,663
Investments	10	-	-
		133,139	142,185
Current assets			
Stock	11	581	773
Other debtors	13	38,369	47,910
Cash at bank and in hand	18	17,500	19,619
		56,450	68,302
Creditors: amounts falling due within one year			
Trade and other creditors	14	(29,860)	(29,560)
Income tax payable		(11,452)	(9,933)
Obligations under finance leases	15	(595)	(593)
		(41,907)	(40,086)
Net current assets		14,543	28,216
Total assets less current liabilities		147,682	170,401
Creditors: amounts falling due after more than one year			
Trade and other creditors	14	(2,221)	(2,502)
Obligations under finance leases	15	(1,501)	(2,121)
Deferred tax liability	12	(7,943)	(8,337)
		(11,665)	(12,960)
Provisions for liabilities	16	(7,169)	(2,179)
Net assets		128,848	155,262
Capital and reserves			
Ordinary share capital	17	39,000	39,000
Retained earnings		89,848	116,262
Total equity		128,848	155,262

The notes on pages 14 to 29 are an integral part of these financial statements.

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

Mr J.C. Pizey

Director

Date: 7 December 2018

GROSVENOR CASINOS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Ordinary share capital £000	Retained earnings £000	Total £000
At 1 July 2016	39,000	318,043	357,043
Total comprehensive Income:			
Profit for the year	-	8,731	8,731
Transactions with owners:			
Debit in respect of employee share schemes including tax	-	(12)	(12)
Dividends paid to equity holder		(210,500)	(210,500)
At 30 June 2017	39,000	116,262	155,262
Total comprehensive Income:			
Profit for the year	-	(356)	(356)
Transactions with owners:			
Debit in respect of employee share schemes including tax	-	(58)	(58)
Dividends paid to equity holder	-	(26,000)	(26,000)
At 30 June 2018	39,000	89,848	128,848

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'. 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 24.

The financial statements have been prepared under the historical cost convention. A summary of the more important Company accounting policies is set out below.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are set out 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.

(ii) Provisions

Provisions are recognised in accordance with the policy disclosed in part M of this note. 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. Estimates have also been made in determining (1) the restructuring costs in the year (2) the amount and likelihood of settlement of indirect tax provisions. Further details of provisions made are disclosed in note 16. The best estimate of the directors may differ from the actual results.

(iii) Exceptional items

The Company separately discloses material one-off items as it believes it assists shareholders to understand underlying performance and trends between periods. Judgement is required in determining whether an item should be classified as an exceptional item or included within underlying results. In the current year impairment charges, restructuring costs and onerous property lease costs have been disclosed as exceptional items. Further details are disclosed in note 3.

1. Accounting Policies (continued)
A Basis of preparation (continued)

(iv) Income taxes

Provisions for uncertain items are made using judgement of the most likely tax expected to be paid, based on a qualitative assessment of all relevant information. In assessing the appropriate provision for uncertain items, the Group considers progress made in discussions with tax authorities, expert advice on the likely outcome and recent developments in case law. Further details of income tax are disclosed in note 5.

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

There are no new standards or amendments to existing standards that are mandatory for the first time for the financial year beginning 1 July 2017.

Standards, amendments to and interpretations of existing standards that are not yet effective

The Company is not expected to be materially impacted by any new standards, amendments or interpretations of existing standards that have been published and are mandatory for accounting periods starting after 1 July 2018.

With the exception of IFRS 16 'Leases', which is effective for annual periods starting on or after 1 January 2019, the Company is not expected to be materially impacted by any new standards, amendments or interpretations of existing standards, that have been published and are mandatory for the first time for accounting periods starting after 1 July 2018. IFRS 16 'Leases' will become mandatory for the Company's reporting period ending 30 June 2020 and it is anticipated that this will have a material impact upon the Company's financial statements. Since the impact is influenced by the Company open lease position, it is not yet possible to reasonably quantify its effects. The Company's current operating lease commitments on an undiscounted basis under IAS 17 are disclosed in note 15.

IFRS 15 will be effective for our June 2019 financial reporting period. The Company does not anticipate a material impact on the results or net assets from these standards, which are in issue but not yet effective.

IFRS 9 will be effective for our June 2019 financial reporting period. The Company does not anticipate a material impact on the results or net assets from these standards.

B Revenue recognition

Revenue for casinos includes gaming win before deduction of gaming-related duties. Revenue for bingo is net of prizes before deduction of gaming-related duties. Revenue for poker represents the rake received. Revenue for digital products, including interactive games, represents gaming win before deduction of gaming-related duties. The fair value of free bets, promotions and customer bonuses ('customer incentives') are also deducted from all revenue streams. Although disclosed as revenue, gaming win (other than from poker) is accounted for and meets the definition of a gain under IAS 39 'Financial Instruments: Recognition and Measurement'.

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 an expense as 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).

1. Accounting Policies (continued)

C Intangible assets (continued)

(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.

E Impairment of intangible assets and tangible assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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 as the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The expected cash flows generated by the assets are discounted using appropriate discount rates that reflect the time value of money and risks associated with the groups 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 expense in the income statement 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 of disposal then any remaining impairment is allocated equally amongst all other assets.

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 in the income statement immediately.

F Investments in subsidiaries

Investments in subsidiaries are held at cost less impairment.

1. Accounting Policies (continued)

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 the Group. The far 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.

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 Other debtors

Other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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 Trade creditors

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

M 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.

N Leases

Leases are tested at inception to determine whether the lease is a finance or operating lease and treated accordingly. Property leases comprising a lease of land and a lease of buildings within a single contract are split into their two component parts before testing.

1. Accounting Policies (continued)

N Leases (continued)

(i) Finance leases - Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property, plant and equipment or the present value of minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The corresponding rental obligations, net of finance charges, are included in financial liabilities. Finance charges are recognised in the income statement over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

(ii) Operating leases - Leases of property, plant and equipment where a significant portion of the risks nd rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, including lease incentives or premiums, are charged to the income statement on a straight-line basis over the lease term.

O Exceptional 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.

P Financial assets and Liabilities

Financial assets include loans and receivables and cash (and cash equivalents), or where the Company has a contractual right owed to it. A financial asset is derecognised when substantially all the risk and rewards or control have been transferred.

Financial liabilities include trade and other payables and loans and borrowings (including bank overdrafts), but exclude statutory liabilities such as social security and other taxes.

2. Turnover and Revenue

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Geographical Market		
UK	218,692	236,523
Total	218,692	236,523

An analysis of the Company's revenue (including turnover) by category is as follows:

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Category		
Gaming win	218,692	236,523
Total	218,692	236,523

The gaming win revenue primarily relates to gaming win, however includes complimentary services associated with gaming activities.

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 2018 £000	Year ended 30 June 2017 £000
Staff costs	19	74,293	78,427
Cost of stock recognised as expense		9,644	13,972
Depreciation of tangible assets			
- owned assets	9	13,182	15,364
- finance lease assets	9	616	278
Amortisation of intangibles	8	995	1,083
Loss on disposal of fixed assets	9	536	619
Exceptional costs (see below)		11,620	4,908
Operating lease rentals			
- minimum lease payments		12,359	12,403
- sub lease income		(436)	(395)
Repairs and maintenance expenditure on tangible assets		2,188	4,326

Audit fees have been borne by a fellow group company, Rank Group Gaming Division Limited.

The analysis of the exceptional items during the year is on the following page:

3. Operating profit for the year (continued)

	Note	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Exceptional operating costs:			
Closure of venues		-	25
Net reversal of cost/ (reversal) from onerous property	16	6,136	(1,266)
Venue Impairment charge	8,9	5,167	5,245
Venue Impairment reversals	8,9	-	(679)
Investment impairment	10	-	495
Restructuring and relocation costs	16	317	1,088
Total exceptional operating cost		11,620	4,908

Year ended 30 June 2018

A net charge of £6,136,000 from onerous property leases has been recognised in the year, primarily due to the creation of an onerous lease at one venue, as performance had not been in line with expectation, and future performance is not expected to improve significantly. The remainder of the cost reflects failed negotiations to sub-let a vacant property.

The Company recognised an impairment charge of £5,167,000 at three of its venues as the sites had not performed in line with expectations and are not expecting significant improvements.

The Company also recognised £317,000 of exceptional redundancy costs in the year.

Year ended 30 June 2017

During the year, the Company has closed one venue. The charge in the period of reflects additional costs of closure.

A net credit of £1,266,000 from onerous property leases has been recognised due to advanced negotiations to sub-let a vacant property and a positive outcome following negation of dilapidation costs at a vacant site.

The company recognised an impairment charge of £5,245,000 in respect of two venues, as they had not performed in line with expectations, and are not expecting significant improvements. An impairment reversal of £679,000 was also recognised in the year, due to the improved performance of one club due to a competitor closure. The net impairment charge of £4,566,000 relates to tangible assets of £4,518,000 and intangible assets of £48,000.

An impairment of an Investment in Kingsway Casinos Limited of £495,000 has been recognised as a result of a the Group undertaking a Group restructuring and simplification project, intended to simplify its group structure. Kingsway Casinos Limited was dissolved on 7 March 2017.

The Company also recognised £1,088,000 of redundancy and relocation costs due to a Group restructuring and simplification project.

[1] It is Company policy to reverse exceptional costs in the same line as they were originally recognised

4. Interest

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Interest receivable		
Interest receivable from Group companies	200	1,200
Other	-	4
Total	200	1,204
Interest payable		
Interest payable on finance leases	(135)	(115)
Unwinding of discount in provisions	-	(27)
Interest payable to HMRC	-	(160)
Total	(135)	(302)
Total net interest receivable	65	902

5. Taxation

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Current tax		
UK corporation tax in respect of current year	2,962	4,075
Exceptional items	(1,228)	35
Adjustment in respect of prior years	(215)	(585)
Total current tax	1,519	3,525
Deferred tax		
Origination and reversal of timing differences	(108)	(860)
Exceptional items	(838)	(587)
Deferred tax restatement	102	(363)
Adjustment in respect of prior years	452	354
Total deferred tax	(392)	(1,456)
Tax charge in the income statement	1,127	2,069

5. Taxation (continued)

The tax on the Company's profit before tax differs from the standard rate of UK corporation tax in the period of 19.00% (2017: 19.75%). The differences are explained below:

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Profit before tax	771	10,800
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.75%)	146	2,133
Effects of:		
Income not subject to tax	-	(98)
Expenses not deductible for tax purposes	642	628
Adjustment in respect of prior years	237	(231)
Deferred tax restatement	102	(363)
Tax charge in the income statement	1,127	2,069

On 8 July 2015, the Chancellor of the Exchequer announced the reduction in the main rate of UK corporation tax to 19.0% for the year starting 1 April 2017 and a further 1.0% reduction to 18.0% from 1 April 2020. These changes were substantively enacted in October 2015.

On 16 March 2016, the Chancellor of the Exchequer announced a further 1.0% reduction to the previously announced 18.0% main rate of UK corporation tax to 17.0% from 1 April 2020. This change was substantively enacted in September 2016.

The rate reductions will reduce the amount of cash tax payments to be made by the Company in future periods.

6. Dividends

Amounts recognised as distributions to equity holders in the year:

	At 30 June 2018 £000	At 30 June 2017 £000
Final dividend for the year ended 30 June 2017 of 67p per ordinary share	26,000	-
Special dividend for the year ended 30 June 2017 of 540p per ordinary share	-	210,500
	26,000	210,500

The dividend was approved by the directors during the year.

7. Impairment review of intangible assets

The carrying value of indefinite life casino licences as at 30 June 2018 was £69,383,000 (2017: £68,889,000). 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 2017	4,210	78,940	83,150
Additions	100	494	594
Disposals	(1,534)	-	(1,534)
At 30 June 2018	2,776	79,434	82,210
Aggregate amortisation and impairment			
At 1 July 2017	(2,577)	(10,051)	(12,628)
Charge for the year	(995)	-	(995)
Disposals	1,534	-	1,534
Provision for impairment (see note 3)	(11)	-	(11)
At 30 June 2018	(2,049)	(10,051)	(12,100)
Net book value			
At 30 June 2017	1,633	68,889	70,522
At 30 June 2018	727	69,383	70,110

All impairment charges in the period have been charged as exceptional items in note 3.

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 2017	9,255	26,407	165,155	200,817
Additions	-	948	9,911	10,859
Disposals	-	(593)	(618)	(1,211)
At 30 June 2018	9,255	26,762	174,448	210,465
Aggregate depreciation and impairment				
At 1 July 2017	(4,491)	(15,467)	(109,196)	(129,154)
Charge for the year	(77)	(1,310)	(12,411)	(13,798)
Net Impairment charge	-	(908)	(4,251)	(5,159)
Disposals	-	60	615	675
At 30 June 2018	(4,568)	(17,625)	(125,243)	(147,436)
Net book value				
At 30 June 2017	4,764	10,940	55,959	71,663
At 30 June 2018	4,687	9,137	49,205	63,029

£5,156,000 of the impairment charge has been recognised as an exceptional cost per note 3, with the remainder recognised as an operating cost.

9. Tangible assets (continued)

Land:

	At 30 June 2018 £000	At 30 June 2017 £000
Freehold Land	2,712	2,712

Assets held under finance leases are capitalised and included in leasehold land and buildings and fixtures, fittings, plant and machinery:

Assets held under finance leases:

	At 30 June 2018 £000	At 30 June 2017 £000
Cost	12,897	12,897
Aggregate depreciation and impairment	(11,085)	(10,469)
Net book value	1,812	2,428

Fixtures, fittings, plant and machinery include assets held under finance leases with a net book value of £1,441,000 (2017: £1,978,000). Leasehold land and buildings include buildings held under finance leases with a net book value of £371,000 (2017: £450,000).

10. Investment in subsidiaries

	Investments £000
Cost	
At 1 July 2016, 30 June 2017 and 30 June 2018	509
Impairment	
At 1 July 2016 and 30 June 2017	(14)
Impairment	(495)
At 30 June 2017	(509)
Impairment	-
At 30 June 2018	(509)
Net book value	
At 1 July 2016	495
At 30 June 2017 and 30 June 2018	-

11. Stock

	At 30 June 2018 £000	At 30 June 2017 £000
Finished goods	581	773

There were no write downs of stock in either year.

12. Deferred tax

	At 30 June 2018 £000	At 30 June 2017 £000
Accelerated capital allowances	3,639	3,228
Other temporary differences	6	23
Deferred tax asset	3,645	3,251
Casino licences	(11,588)	(11,588)
Deferred tax liability	(11,588)	(11,588)
Net deferred tax liability	(7,943)	(8,337)
Accelerated capital allowances	(411)	(783)
Casino licences	-	(682)
Other temporary differences	19	9
Deferred tax expense in the income statement	(392)	(1,456)

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

	At 30 June 2018 £000	At 30 June 2017 £000
Net deferred tax liability at start of year	(8,337)	(9,799)
Deferred tax benefit (expense) credit in the income	392	1,456
Deferred tax credited to equity	2	6
Net deferred tax liability at end of year	(7,943)	(8,337)

13. Other debtors

	At 30 June 2018 £000	At 30 June 2017 £000
Amounts owed by parent and fellow subsidiary undertakings	30,298	40,717
Other debtors	3,063	2,107
Prepayments and accrued income	5,008	5,086
Amounts falling due within one year	38,369	47,910

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

The carrying values of debtors are assumed to approximate to their fair value due to the short-term nature of the debtors. This includes amounts owed by related undertakings which are unsecured and repayable on demand.

The maximum exposure to credit risk at the reporting date is the fair value of each class of debtors disclosed above. Intercompany interest is charged at a rate of 0.8%. The Company does not hold any collateral as security.

14. Trade and other creditors

	At 30 June 2018 £000	At 30 June 2017 £000
Trade creditors	508	1,752
Other tax and social security	17,033	16,342
Accruals	11,685	10,832
Interest repayable	634	634
Current	29,860	29,560
Other creditors	2,221	2,502
Non-current	2,221	2,502

The Company's trade creditors are all due within one year. Due to the short-term nature of these creditors the carrying value equates to the contractual amount due as the impact of discounting is not considered material.

15. Obligations under finance leases

	At 30 June 2018 £000	At 30 June 2017 £000
Finance lease obligations	595	593
Current	595	593
Finance lease obligations	1,501	2,121
Non-current	1,501	2,121

16. Provision for other liabilities and charges

	Property Leases £000	Indirect Tax Provision £000	Restructuring Provision £000	Total £000
At 1 July 2017	1,051	296	832	2,179
Charge to income statement – exceptional	6,136	-	317	6,453
Utilised in year	(314)	-	(1,149)	(1,463)
At 30 June 2018	6,873	296	-	7,169

	At 30 June 2018 £000	At 30 June 2017 £000
Current	7,169	2,179
Non-current	-	-
Total	7,169	2,179

Property leases
The Company is party to a number of leasehold property contracts. Provision has been made against those leases where the property or part of a property is now vacant and the unavoidable costs under the lease exceed the economic benefit expected to be derived from potential sub-letting arrangements. Provision has also been made against leases where impairment testing has indicated that, after recognising an impairment charge, the estimated discounted cash flows derived from the property and its associated operations are insufficient to cover the unavoidable lease costs and the lease is therefore deemed onerous. A provision has also been made where the Company has unavoidable costs to restore a property to its original condition under contractual obligations. These leases have a weighted average life of 4 years (2017: 4 years).

Indirect tax provision
The indirect tax provision relates to a VAT claim on amusement machines and represents the directors' best estimate of the outflow likely to arise.

Restructuring provision
During the prior year, the Group undertook a strategic review of the organisation to improve customer service and simplify operations, some of which were utilised in the current year. The current year charge reflects restructuring costs that are unrelated to that project.

17. Ordinary share capital

	At 30 June 2018 £000	At 30 June 2017 £000
Authorised, issued and fully paid		
39,000,000 ordinary shares of 100p each	39,000	39,000

18. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	At 30 June 2018 £000	At 30 June 2017 £000
Cash at bank and in hand	17,500	19,619

19. Employees and directors

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Employee benefit expense during the year		
Wages and salaries	67,880	70,612
Social security costs	4,849	5,831
Pension contribution costs	1,597	1,943
Redundancy and severance payments	-	62
Share based payments	(33)	(21)
Total	74,293	78,427

The average monthly number of employees in the year was 3,920 (2017: 4,200).

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Directors		
Aggregate emoluments	406	503
Company contributions to pension schemes	38	37
Total	444	540
Highest paid director		
Aggregate emoluments	210	329
Company contributions to pension schemes	19	19
Total	229	348

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.

20. 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 2018 were £1,597,000 (2017: £1,943,000).

21. Lease commitments

(i) Operating leases - The Company has entered into commercial leases on certain properties and items of machinery. The leases have durations between from under one year to 29 years. Future minimum rentals payable under non-cancellable operating leases are as follows:

	At 30 June 2018 £000	At 30 June 2017 £000
Not later than one year	12,898	13,198
After one year but not more than five years	44,389	50,309
After five years	33,532	48,506
Total future minimum rentals payable	90,819	112,013
Total future minimum sub-lease income expected	1,025	2,749

(ii) Finance leases – The minimum lease payments under finance leases, together with the present value of the minimum lease payments, are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	At 30 June 2018 £000	At 30 June 2017 £000	At 30 June 2018 £000	At 30 June 2017 £000
Not later than one year	798	798	614	593
After one year but not more than five years	1,468	2,166	1,450	1,682
After five years	119	902	32	439
	2,385	3,866	2,096	2,714
Less future finance charges	(289)	(1,152)		
Present value of minimum lease payments	2,096	2,714		

22. Capital commitments

	At 30 June 2018 £000	At 30 June 2017 £000
Contracts placed for future capital expenditure but not provided in the financial information	500	153

23. Financial assets and liabilities

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

	Other financial assets	
	At 30 June 2018 £000	At 30 June 2017 £000
Other debtors	33,361	42,824
Cash at bank and in hand	17,500	19,619
Total	50,861	62,443

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

	Other financial liabilities	
	At 30 June 2018 £000	At 30 June 2017 £000
Finance lease obligations	2,096	2,714
Property leases	6,873	1,051
Trade and other creditors	14,414	15,086
Total	23,383	18,851

24. Parent undertakings and related party transactions

The Company's immediate parent undertaking is Rank Casino Holdings Limited (formerly Rank Gaming Group 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 http://www.rank.com/en/investors/results--reports---presentations.all.year2018.html or by written request to the Company Secretary at TOR, Saint-Cloud Way, Maidenhead, Berkshire, SL6 8BN.

Details of compensation of key management are disclosed in note 19.

25. 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 10 years and a current annual rental obligation (net of sub-let income) of approximately £320,000.

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.