

**GENTING CASINOS UK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**COMPANY REGISTRATION NUMBER: 01519689**

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GENTING CASINOS UK LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2019

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# GENTING CASINOS UK LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their strategic report for the year ended 31 December 2019.

### Principal Activities and Business Review

During the year, the principal activity of the Company was the operation of gaming casinos.

Genting Casinos UK Limited is one of the largest casino operators in the United Kingdom with 36 casino venues, 5 of which comprise the High End division in London, 31 casino venues throughout the UK, comprising the Core division and 1 casino venue at Resorts World Birmingham (RWB). The Company also operated an online gaming business until September 2019 when the trade and assets were transferred to its subsidiary, Genting Malta Limited, as part of an internal group reorganisation (see note 26).

Genting UK plc is a subsidiary of Genting Malaysia Berhad, a company incorporated in Malaysia and currently listed on the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Genting Malaysia Berhad is a leading premier provider of leisure and entertainment services, and own a number of integrated resorts across the world. The ultimate parent undertaking is Genting Berhad, a company incorporated in Malaysia and whose shares are listed on the Bursa Malaysia.

The directors of Genting Casinos UK Limited are responsible and accountable for the company's operations. A strong and experienced senior management team implements the policies and directions set by the board

During the year management has reviewed the carrying values of gaming licences and property, plant and equipment, and accordingly an impairment charge of £3.3m has been recognised. This has been offset by an impairment write back of £3.4m relating to the reversal of previous impairments (2018: no impairment) (see note 9A and 10A).

### Results and Dividends

The trading for the year has resulted in a profit after tax of £14.5m (2018: profit £7.7m) after an exceptional gain of £3.5m (2018: exceptional loss £2.7m) (see note 3). The profit for the year has resulted in an increase in the Company's net assets from £238.3m at 31 December 2018 to £252.8m at 31 December 2019.

The directors do not recommend payment of a dividend (2018: £nil).

### Future Developments

The focus of the Company over the coming year includes strengthening the Company's market share position in both the Core and London premium/mass markets, and improving business efficiency.

### Key Performance Indicators

The directors consider the key performance indicators to be attendance and average spend per customer. Total number of casino attendances in the year decreased by 1.6% to 3,819,000. Average casino spend per customer in the year decreased by 1.3% to £86.80.

### Post Balance Sheet Events

There are no post balance sheet events to report.

### Stakeholder Engagement and Section 172(1) Statement

The directors recognise that effective engagement with stakeholders and consideration of their interests is instrumental to the Company's success. The directors discharge their duties in accordance with Section 172 of the Companies Act 2006, which requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

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

The directors also take into account the interests and views of our regulator when making decisions.

We have set out in the table below the key stakeholders of the Company, their primary interests in relation to the Company's operations and how such stakeholders are engaged with by the directors and at an operational and company level.

# GENTING CASINOS UK LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### Stakeholder Engagement and Section 172(1) Statement (continued)

Stakeholder	Interests	How we engage
<b>Employees</b> The success of the Company is dependent on the output of employees. It is therefore important the Company has in place the best possible environment for its employees to perform.	<ul style="list-style-type: none"> <li>• Good working environment</li> <li>• Development opportunities</li> </ul> Inclusion and opportunity to make a difference.	The Company engages with its employees in a variety of ways. Further information can be found in the directors' report on page 4-5.
<b>Customers</b> The nature of the Company's operations is focussed on supplying services to customers. The success of the Company would therefore not be possible without an understanding of the customer base and tailoring the services provided to their interests.	<ul style="list-style-type: none"> <li>• Responsible practices</li> <li>• Premier locations</li> <li>• Quality service</li> <li>• Good facilities</li> </ul>	The Company regularly engages its customers on a day to day basis through informal oral feedback, customer satisfaction surveys and market research. The Company has also recently received a level 3 safer gambling standard accreditation from Gamcare which is reflective of the safer gambling measures in place at the Company for the benefit of its customers.
<b>Suppliers</b> The Company is dependent on its supplier to provide timely delivery of goods and services in order to maximise the quality of services it provides to its customers.	<ul style="list-style-type: none"> <li>• Strong business relationships</li> <li>• Open and fair business terms</li> <li>• Prompt payment</li> </ul>	Supplier relationships are managed by a named individual within the applicable Company department who acts as a point of contact for the supplier. The Company has a dedicated legal team who advise the Company on contracts of substance with emphasis on achieving a fair and balanced business relationship. There is also a streamlined payment process in place to ensure payments are made on time and this is reflected in payment practice reports submitted by the Company.
<b>Regulators</b> As a responsible gambling operator, we are committed to engaging constructively with our regulators ensure that the services we offer are both compliant and in keeping with the spirit of regulation.	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Operational transparency</li> <li>• Pro-active involvement</li> </ul>	We communicate with our regulators on an ongoing basis and attend workshops and other events hosted by either the regulators or other industry stakeholders.
<b>Local Communities</b> The Company recognises that its operations may have an impact the local community, and holds the view that it is important for each premises to integrate into the local community and ensure that any impact is as positive as possible.	<ul style="list-style-type: none"> <li>• Fundraising</li> <li>• Involvement</li> </ul>	At each gambling premises, the Company has in place a local area risk assessment and regularly conducts charity work in support of CHIPS Charity. Further information on the Company's approach to corporate social responsibility can be found in the directors' report on page 4.
<b>Shareholders</b> Ultimately all actions taken by the Company are for the benefit of the shareholders a whole. As a privately owned company, good shareholder relations is an essential ingredient of long-term success.	<ul style="list-style-type: none"> <li>• Increase in value</li> <li>• Maintenance of Company reputation</li> </ul>	The Company is privately owned so there is often both formal and informal communications between the Company and its direct / indirect shareholders. The Company also call shareholder meetings or circulate shareholder written resolutions where a shareholder decision is required in accordance with the Companies Act 2006.

Day-to-day management of the Company is delegated to executives who oversee the execution of the business strategy and related policies. Up to date information on financial and operational performance, key risks and legal and regulatory compliance in respect of the Company is reviewed at Group level by Genting UK plc Board meeting. Group also review other areas over the course of the financial year including the Company's business strategy; stakeholder-related matters; corporate responsibility and governance matters. This is done through the consideration and discussion of reports which are sent in advance of each Group Board meeting and through presentations to the Group Board. As a result the Genting UK plc board oversees all stakeholder engagement carried out at Company or Group level. This oversight of stakeholder engagement in turn allows the Group and Company board to take into account the impact on relevant stakeholders when making decisions.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

**Stakeholder Engagement and Section 172(1) Statement (continued)**

By understanding the stakeholders and their interests, the board (whether at Group or Company level) has been able to factor their interests into decision making throughout the year and ensure that the decision taken is the one which is most likely to promote the success of the company in line with the directors' duty under section 172 of the Companies Act 2006. The table below shows some examples of how the board has taken account of stakeholder considerations and the impact of this when taking principal decisions throughout the year.

Principal Decision	Examples of Stakeholder Consideration
Offshoring the online business to Malta	<ul style="list-style-type: none"> <li><b>Employees</b> – the Company's decision to relocate its online business from UK to Malta had an impact on both current and prospective employees. The UK team were fully consulted with in relation to relocation and redeployment. Five members of the team took the opportunity to relocate to Malta and their move was supported both from a practical and financial perspective.</li> <li><b>Shareholders</b> – the offshoring provided the Genting group with the opportunity to grow its online business and add value to the online business by ensuring the business remains in the EU after Brexit and provides access to gambling industry experience already present in Malta.</li> <li><b>Supplier</b> – the offshoring of the online business to Malta also involved a change in the operating entity from the company to Genting Malta Limited which necessitated the novation of a number of supplier contracts which required the suppliers co-operation.</li> </ul>
Disposal of the 46 Hertford Street	<ul style="list-style-type: none"> <li><b>Shareholders</b> – 46 Hertford Street was previously held by the Company as a property investment. The disposal of the property allows the Company to focus on core operations, release funds for growth and overall increase value.</li> </ul>

**Principal Risks and Uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks affecting the Company are considered to relate to competition, high roller activity, the taxation regime, and the regulatory framework.

Trends and risks are the focus of monthly management meetings where performance is reviewed against budget and the prior year. Regulations are constantly monitored to ensure any adverse impacts are minimised and managed. The Company aims to offset competitive forces with an emphasis on customer service.

Management have considered the potential impact of COVID-19 on the Company's operations and do not expect it to have a material, long-term effect on the Company's operations.

The directors manage the company's operations on a divisional basis.

**Financial Risk Management**

The Company's approach to financial risk management is detailed in the accounting policies on pages 20 and 21.

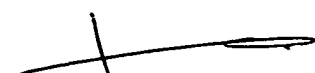
**Treasury Policy**

The Company makes offsetting arrangements, whereby cash surpluses are offset against overdrafts.

**Environment**

Although the Company is considered to have low environmental risks, it recognises that the business does have an impact on the environment. The Company is committed to developing methods of working which are environmentally responsible. Energy and water conservation and effective waste management continue to be a central focus.

On behalf of the Board

  
James Axelby  
Director  
10 March 2020

# GENTING CASINOS UK LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2019.

### **Future Developments**

Details of future developments are provided in the strategic report on page 1.

### **Dividends**

The directors do not recommend payment of a dividend (2018: £nil).

### **Post Balance Sheet Events**

There are no post balance sheet events to report.

### **Directors**

The directors who have served during the year, and up to the date of signing the financial statements, were:

Peter Malcolm Brooks  
Paul Stewart Willcock  
James Axelby

### **Corporate Social Responsibility**

The Company appreciates its responsibilities in respect of social, environmental and ethical matters and upholds the highest standards of operations and conduct. As a socially responsible Company, Genting Casinos UK Limited is focused on contributing positively to the development of the economy and the community in all areas where it operates.

Genting Casinos UK Limited actively promotes and supports responsible gaming. In advocating responsible gaming in our casinos, we continue to disseminate information on responsible gaming through printed and online channels. As a responsible member of the casino gaming industry, we are resolutely committed to the development of awareness, prevention and counselling programmes for problem and underage gambling, both on our premises and in the wider community in which we operate.

Genting Casinos UK Limited is an active contributor to the Responsible Gambling Trust, which funds research and education into problem gambling in the UK. In addition, the Company supports the work of Gamcare, a registered charity, and publicises the services they offer to individuals with gambling problems. The Company expects to make a donation to the Responsible Gambling Trust of 0.1% of Gross Gaming Revenue ('GGR') in 2019, which is consistent with previous years.

### **Health and Safety**

The Group takes all reasonable and practicable steps to safeguard the health, safety and welfare of employees and customers. The directors receive regular reports and updates on health and safety matters. Operational management has responsibility for effective management of health and safety in the business in accordance with the Company's health and safety policies and manuals which define the Company's approach to compliance with relevant legislation.

### **Engagement with Employees**

The Company recognises that the success of its business is fundamentally linked to the contribution made by its employees. The Company strives to attract, motivate and retain quality employees by offering competitive salary and benefits packages, investing in employee development and training programmes and encouraging employee involvement and communication. The Company's human resources policies and strategies are focused on striking a balance between improving productivity, job enhancement and the ensuing rewards.

The Company ensures that employees receive information about the financial and economic factors affecting the business by regular management meetings and staff conferences. The Company gathers employee feedback via an annual engagement survey and site Roadshow sessions where employees are updated on Company News and have an opportunity to raise issues and concerns that affect them.

The Company endorses the principles of equal employment opportunities in the selection, career development and promotion of employees, regardless of gender, orientation, ethnic origin, religion and whether disabled or otherwise. If members of staff become disabled the Company would look to continue employment wherever possible, either in the same or an alternative position, with appropriate adjustments being made if necessary.

# GENTING CASINOS UK LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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### Engagement with Other Stakeholders

The company has included its statement on engagement with other stakeholders and how the directors have regard for their duties within the Strategic Report (see pages 1-3).

### Corporate Governance

Genting Casinos UK Limited is a private company, limited by shares, and is an indirect wholly owned subsidiary of Genting UK plc and part of the Genting UK group ("Group"). Corporate governance within the Group is driven by Genting UK plc and therefore this statement reflects the governance practices in place for the Group as a whole.

The Group has not currently adopted a specific corporate governance code but rather has developed corporate governance practices organically in order to best place the Group to address the unique challenges posed by the gambling industry.

The Group is privately owned and ultimately an indirect wholly owned subsidiary of Genting Malaysia Berhad, a company listed on the Malaysian Bursa. The Group has in place arrangements to routinely communicate and report into both its direct and indirect shareholders.

At board level, the company has three directors – two of whom are executive and one is non-executive. Genting UK plc has five directors which consist of two executive directors and three non-executive directors. The mix of executive and non-executive directors ensures that the board of the company is both balanced and able to act in an objective manner. This is supplemented by the appointed Chairman and Vice-Chairman being non-executive directors of Genting UK plc being non-executive directors.

The board meet once a quarter to discuss business developments and to consider / approve any significant business opportunities. Where decisions are required on urgent matters before the next quarterly meeting, the board takes advantage of the written resolution procedure set out in the articles of association.

The board of the company do not hold regular scheduled meetings but only meet, or utilise the written resolution procedure, to make decisions as and when required. The board of Genting UK plc meet quarterly to discuss arrangements across the Group which includes the company. At meetings, the board are presented with reports from the Group's executive management team including the President & Chief Operating Officer and Chief Financial Officer. One section of board meetings is reserved for strategic and planning matters during which the board are updated on and invited to consider possible future opportunities for Group innovation and entrepreneurship. This makes sure that the board is both fully informed and is in a position to take decisions which both preserve and create value for the Group and assists achievement of the long-term sustainable success of the Group.

Behind the Group's executive management team, the Group has in place a detailed hierarchical organisation structure through which there is a top down approach to governance, employee engagement and stakeholder relationships with an underlying tone of social responsibility being central to every step the Group takes. This top down approach ensures that the Group values, set by the board, are articulated throughout the organisation, implemented by employees in their work and any feedback from employees, customers and other stakeholders alike is channelled back through the organisational structure to the board where appropriate. The Group also issues an annual engagement survey to its employees where the findings are presented directly back to the board.

The Genting UK plc board has also appointed an audit committee which has delegated responsibility to identify, analyse and mitigate various risks affecting the Group. The audit committee holds quarterly meetings (before the board meeting) which are chaired by a non-executive director. Any concerns from the audit committee are reported to the board of directors at the next meeting. This ensures that the board is able to make informed and robust decisions about risk management.

Executive management remuneration for the Group is set by the board.

Through the above mentioned practices and its Group, Genting Casinos UK Limited believes that it has sound corporate governance in place notwithstanding the lack of a specific code being applied.

### Going Concern

Notwithstanding the fact that the Company has net current liabilities amounting to £131.4m (2018: £126.7m), the directors have prepared the financial statements on the going concern basis. The directors have received a letter of support from Genting Berhad confirming ongoing financial support for at least 12 months from the approval of these financial statements.

### Directors' Indemnity Insurance

The Company maintained a qualifying third-party directors' and officers' liability insurance policy throughout the financial year and up to the date of signing the financial statements.

### Exceptional Items

Details of exceptional items incurred in the year are provided in note 3 to the financial statements.

# GENTING CASINOS UK LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### General Information

The Company is a private company, limited by shares, which is incorporated and domiciled in the United Kingdom. The registered office is Genting Club, Star City, Watson Road, Birmingham, England, B7 5SA. The registration number is 01519689.

The immediate parent undertaking is Stanley Casinos Holdings Limited. The ultimate parent undertaking and controlling party is Genting Berhad, a company incorporated in Malaysia and whose shares are listed on the Bursa Malaysia.

### Financial Risk Management

The Company's approach to financial risk management is detailed in the accounting policies on page 19.

### Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors 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.

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. In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and will be proposed for reappointment.

On behalf of the board



James Axelby

Director

10 March 2020



# ***Independent auditors' report to the members of Genting Casinos UK Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Genting Casinos UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the income statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

# ***Independent auditors' report to the members of Genting Casinos UK Limited (continued)***

## ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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## **Responsibilities for the financial statements and the audit**

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

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

### ***Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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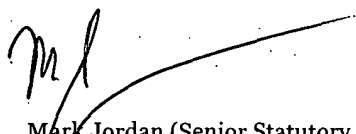
## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

  
Mark Jordan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
11 March 2020

**GENTING CASINOS UK LIMITED**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

		2019				2018			
	Note	Continuing Operations Before exceptional items £m	Exceptional items £m	Discontinued Operations £m	Total £m	Continuing Operations Before exceptional items £m	Exceptional items £m	Discontinued Operations £m	Total £m
Revenue	2	254.0	-	10.4	264.4	253.5	-	13.8	267.3
Cost of sales		(234.0)	(3.1)	(14.2)	(251.3)	(236.3)	(2.7)	(16.9)	(255.9)
<b>Gross profit</b>		<b>20.0</b>	<b>(3.1)</b>	<b>(3.8)</b>	<b>13.1</b>	<b>17.2</b>	<b>(2.7)</b>	<b>(3.1)</b>	<b>11.4</b>
Administrative expenses		(4.7)	-	-	(4.7)	(3.8)	-	-	(3.8)
Other operating income	4	2.0	6.6	-	8.6	3.0	-	-	3.0
<b>Operating profit</b>		<b>17.3</b>	<b>3.5</b>	<b>(3.8)</b>	<b>17.0</b>	<b>16.4</b>	<b>(2.7)</b>	<b>(3.1)</b>	<b>10.6</b>
Profit on disposal of operations	26	-	-	7.1	7.1	-	-	-	-
Finance Income		0.3	-	-	0.3	-	-	-	-
Finance costs		(5.8)	-	-	(5.8)	-	-	-	-
Net finance costs	7	(5.5)	-	-	(5.5)	-	-	-	-
<b>Profit before taxation</b>	5	<b>11.8</b>	<b>3.5</b>	<b>3.3</b>	<b>18.6</b>	<b>16.4</b>	<b>(2.7)</b>	<b>(3.1)</b>	<b>10.6</b>
Tax charge	8	(4.1)	-	-	(4.1)	(2.9)	-	-	(2.9)
<b>Profit for the financial year</b>		<b>7.7</b>	<b>3.5</b>	<b>3.3</b>	<b>14.5</b>	<b>13.5</b>	<b>(2.7)</b>	<b>(3.1)</b>	<b>7.7</b>

All profits and losses are attributable to the owners of the parent company.

There is no other comprehensive income pertaining to the retained earnings reserves other than those reflected in the income statement.

The notes on pages 12 to 36 form part of these financial statements.

GENTING CASINOS UK LIMITED

BALANCE SHEET  
AS AT 31 DECEMBER 2019

	Note	2019 £m	2018 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	164.5	165.2
Right-of-use assets	11	129.2	-
Intangible assets	10	238.4	237.3
Investments	12	21.8	-
Investment property	13	-	11.4
Trade and other receivables	15	5.6	-
Total non-current assets		559.5	413.9
<b>Current assets</b>			
Inventories	14	2.1	2.0
Trade and other receivables	15	176.1	241.0
Cash and cash equivalents	16	68.6	31.4
Total current assets		246.8	274.4
Total assets		806.3	688.3
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17	(366.6)	(400.1)
Lease liabilities	11	(11.6)	-
Current tax		(0.1)	(0.5)
Provisions for liabilities	20	-	(0.5)
Total current liabilities		(378.3)	(401.1)
Net current liabilities		(131.5)	(126.7)
<b>Non-current liabilities</b>			
Lease liabilities	11	(127.2)	-
Deferred tax liabilities	19	(48.0)	(46.1)
Provisions for liabilities	20	-	(2.8)
Total non-current liabilities		(175.2)	(48.9)
Total liabilities		(553.5)	(450.0)
<b>TOTAL NET ASSETS</b>		<b>252.8</b>	<b>238.3</b>
<b>CAPITAL AND RESERVES</b>			
Ordinary Shares	21	16.6	16.6
Share premium account		148.5	148.5
Retained earnings		87.7	73.2
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b>252.8</b>	<b>238.3</b>

The notes on pages 12 to 36 form part of these financial statements.

The financial statements on pages 9 to 36 were approved by the Board of Directors on 10 March 2020 and signed on its behalf by:



James Axelby  
Director

Genting Casinos UK Limited  
Registered number: 01519689

GENTING CASINOS UK LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium account	Retained earnings	Total shareholder s' funds
	£m	£m	£m	£m
At 1 January 2018	16.6	148.5	65.5	230.6
Profit for the year and total comprehensive income	-	-	7.7	7.7
At 31 December 2018/ 1 January 2019	16.6	148.5	73.2	238.3
Profit for the year and total comprehensive income	-	-	14.5	14.5
<b>At 31 December 2019</b>	<b>16.6</b>	<b>148.5</b>	<b>87.7</b>	<b>252.8</b>

All items above represent non owner changes in equity.

# GENTING CASINOS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. ACCOUNTING POLICIES

##### General Information

The principal activity of the Company is the operation of gaming casinos. Genting Casinos UK Limited is one of the largest casino operators in the United Kingdom with 36 casinos, 5 of which comprise the High End division in London, 31 casinos throughout the UK, comprising the Core division and 1 casino at Resorts World Birmingham (RWB). The Company also owns and operates an online gaming business.

The Company is a private company, limited by shares which is incorporated and domiciled in the UK. The registered office is Genting Club, Star City, Watson Road, Birmingham, England, B7 5SA. The registration number is 01519689.

##### Significant accounting policies

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

##### Basis of preparation

The financial statements of Genting Casinos UK Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on the going concern basis, under the historical cost convention as modified by the revaluation of certain properties at fair value through profit or loss, and in accordance with the Companies Act 2006, as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1C.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101 as equivalent disclosures are included in the publicly available consolidated financial statements of Genting UK plc:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - i) paragraph 79(a)(iv) of IAS 1;
  - ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - iii) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - i) 10(d) (statement of cash flows);
  - ii) 16 (statement of compliance with all IFRS);
  - iii) 38A (requirement for minimum of two primary statements, including cash flow statements);
  - iv) 38B–D (additional comparative information);
  - v) 111 (cash flow statement information); and
  - vi) 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

Per s390 of the Companies Act 2006, the directors are required to draw up financial statements within 7 days of the Company's accounting reference date. The Company's accounting reference date is 31 December. Consistent with the normal monthly reporting process, the actual date to which the balance sheet has been drawn up is 29 December 2019 (2018: 30 December 2018). For ease of reference in these financial statements all references to the results for the year are for the year to 31 December 2019 and the financial position at 31 December 2019.

**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Basis of Preparation (continued)**

The Company is a wholly owned subsidiary of Genting UK plc, and of its ultimate parent, Genting Berhad. It is included in the consolidated financial statements of Genting UK plc, which are publicly available. Therefore the Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is 24th Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur.

These financial statements are separate financial statements

**Going Concern**

Notwithstanding the fact that the Company has net current liabilities amounting to £131.4m (2018: £126.7m), the directors have prepared the financial statements on the going concern basis as the Company has received confirmation from Genting Berhad of its intention to continue its financial support for a period of at least 12 months from the approval of these financial statements.

**Exceptional items**

The Company defines exceptional items as those items which, by their nature or size, would distort the comparability of the Company's results from period to period (please refer to note 3).

**Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, in the normal course of business, net of value-added tax, other sales related taxes, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

*Gaming*

Gaming revenue represents the gross gaming profit or loss received from casino gaming activities (including casino gaming machines), online gaming services, and fees from card room income, net of free bets and other loyalty costs. Amounts stated are before the deduction of gaming-related duties which are included in cost of sales.

Gaming obligations meet the definition of financial instruments under IFRS 9 and IAS 39, in line with industry practice. Income derived therefrom is recognised as revenue. Gaming transactions are measured at fair value of the consideration received or receivable from customers.

*Food and beverage income*

Revenue from the sale of food and beverages (excluding value added tax) is recognised at the point of sale. Payment of the transaction price is due at the point of sale.

**Other income**

Other income includes miscellaneous, non-operating income generated across the estate, and the profit on disposal of fixed assets.

**Dividend income**

Dividend income is recognised when the right to receive the payment is established.

**Foreign currency translation**

*Functional and presentation currency*

The financial statements are prepared and presented in the functional currency of the Company which is Sterling (£).

*Transactions and balances*

Foreign currency transactions in the Company are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Property, plant and equipment**

All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated so as to write off the cost/deemed cost of property, plant and equipment, less their estimated residual values, over the expected useful economic lives of the assets concerned, at the following rates:

- Freehold and long leasehold properties are depreciated over 50 years on a straight line basis;
- Short leasehold properties with lease terms of 50 years or less are depreciated over the remaining period of the lease on a straight line basis;
- Leasehold improvements are depreciated over the shorter of the term of the associated lease or up to 50 years on a straight line basis;
- Fixtures, fittings and equipment are depreciated at rates of 10% - 33% per annum on a straight-line basis; and
- Motor vehicles are depreciated over five years on a straight line basis.

Assets in the course of construction are reclassified to the respective classes of property, plant and equipment upon completion of the project.

No depreciation is provided on freehold land or on assets in the course of construction and prior to being commissioned.

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 that they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount (see accounting policy note on impairment of assets).

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in the income statement

**Intangible Assets**

**Other intangible assets — casino licences**

The Company capitalises purchased casino licences. The amount capitalised is the difference between the price paid for a casino including the associated licence and the fair value of a similar property without a casino licence. Casino licences have indefinite useful lives as based on all relevant factors there is no foreseeable limit to the period over which the licences are expected to generate cash inflows. Each licence is reviewed annually for impairment and as such is stated at cost less any accumulated impairment losses.

Company law requires intangible assets to be written off over a finite period. Non-amortisation of intangibles, in accordance with International Financial Reporting Standards, is a departure from the requirements of Company law for the overriding purpose of giving a true and fair view. If this departure from Company law had not been made, the profit for the financial year would have been reduced by amortisation of Casino licences. However, the amount of amortisation cannot reasonably be quantified other than by reference to an arbitrary assumed period for amortisation.

**Other intangible assets – online gaming software**

Costs that are directly associated with the production and development of identifiable and unique software products controlled by the Company, and that are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets for both externally purchased and internally developed software. Other expenditure is charged to the income statement in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write off the cost of online gaming software over 3 to 5 years.



**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Other intangible assets – online gaming software**

Development costs that are directly attributable to the design and testing of the Company's online gaming software are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

**Investment property**

Investment property is held for long-term rental yields and is not occupied by the Company or any of its subsidiaries. All investment property is stated at cost less accumulated depreciation and any impairment losses. Cost includes the consideration given to acquire the property, along with any directly attributable expenditure.

Depreciation is calculated so as to write off the cost of the investment property, less estimated residual value, over the expected useful economic life of the asset concerned, at the following rates:

- Land is not depreciated;
- Buildings are depreciated over 50 years on a straight line basis.

Investment properties are subject to renovations or improvements at regular intervals. The cost of renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in the income statement. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the income statement. The fair values of investment properties are disclosed in the notes to the financial statements. These are assessed using internationally accepted valuation methods.

**Investments**

Investments in subsidiaries are carried at historical cost less impairment. Annual impairment reviews are performed.

**Financial assets**

The Company classifies its financial assets in the following categories: loans and receivables (amortised cost), fair value through profit and loss or fair value through other comprehensive income. The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

*Loans and receivables*

Loans and receivables are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet (see accounting policy note on trade and other receivables).

*Fair value through other comprehensive income*

Fair value through other comprehensive income financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Fair value through profit and loss*

Financial assets which are not classified as loans and receivables or fair value through other comprehensive income are classified as fair value through profit and loss unless designated at initial recognition.

**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**1. ACCOUNTING POLICIES (CONTINUED)**

**Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation but 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. Amortisation charges are included in administrative expenses in the income statement. 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 independent cash flows (CGUs).

In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where goodwill forms part of a CGU that is disposed of, this goodwill is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Impairment loss on goodwill once recognised is not reversed (see note 10a).

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories comprises food, beverages and other supplies. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expense.

**Trade and other receivables**

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost. The Company has applied the simplified approach permitted by IFRS 9 and has used a provision matrix for calculating expected credit losses, which is based on the historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

**Cash and cash equivalents**

Cash and cash equivalents include cash and bank balances (net of bank overdrafts), deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Restricted cash relates to player funds held on behalf of customers.

**Trade and other payables**

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

**Ordinary shares**

Ordinary shares are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another entity or to exchange financial assets or liabilities with another entity that are potentially unfavourable to the issuer.

Incremental costs directly attributable to the issue of new shares, options or for the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

**Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset when the reimbursement is virtually certain.

**Current and deferred tax**

Current taxation is determined according to the tax laws of each jurisdiction in which the Company operates and includes all taxes based upon the taxable income and is measured using the tax rates which are applicable at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**1. ACCOUNTING POLICIES (CONTINUED)**

**Current and deferred tax (Continued)**

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

**Contingent liabilities and contingent assets**

The Company does not recognise a contingent liability but discloses its existence in the financial statements, unless the possibility of an outflow of resources is remote. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. When a change in the probability of an outflow of economic resources occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company. The Company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain. When inflow of economic resources is virtually certain, the asset is recognised.

**Leases**

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

However, for all leases for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. 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 other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, see below for details. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Leases (continued)**

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

*Operating leases*

Until the 2018 financial year, leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease. Incentives from lessors are recognised as a systematic reduction of the charge over the periods benefiting from the incentives. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place. Any premium paid for a leasehold represents a prepaid lease payment which is amortised over the lease term, in accordance with the pattern of benefits provided.

**Employee benefits**

*Short-term employee benefits*

Short-term employee benefits include gross wages, salaries, bonus and paid annual leave. These benefits are accrued when incurred.

*Post-employment benefits*

*Defined contribution plan*

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised in the income statement as employee benefits expense when they are due.

*Defined benefit scheme*

The Company is a contributor to a multi-employer plan, the Genting UK Retirement Benefit Scheme, which covers a number of its employees and is a funded defined benefits scheme. The pension cost in relation to this scheme is assessed in accordance with the advice of a qualified actuary using the projected unit method.

The Company is unable to identify its share of the Fund's underlying assets and liabilities on a consistent and reasonable basis. There are no contractual or stated policies on which to base an allocation of the Fund's underlying assets and liabilities to member companies. The Company has therefore taken advantage of the exemptions allowed by paragraph 34 of IAS 19 to account for the scheme as a defined contribution plan. Details of the scheme are disclosed in note 18.

*Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

*Bonus Plans*

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

*Holiday Pay*

The Company recognises an appropriate liability for the cost of holiday entitlements not taken at the balance sheet date.

**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1A. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES**

*New standards, amendments and IFRIC interpretations*

*IFRS 16, Leases*

This note explains the impact of the adoption of IFRS 16 Leases on the Company's financial statements.

The Company has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 1.

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 of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.6%.

The Company did not have any leases previously classified as finance leases as at 1 January 2019.

*Practical expedients applied*

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected 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 Company relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

*Measurement of lease liabilities*

	£m
Operating lease commitment disclosed at 31 December 2018	82.3
Discounted using the lessee's incremental borrowing rate at the date of initial application	65.7
Less: short-term leases not recognised as a liability	(2.2)
Less: low value leases not recognised as a liability	(2.9)
Add: adjustments as a result of a different treatment of extension and termination options	53.5
Add: adjustments relating to changes in the index or rate affecting variable payments	2.0
<b>Lease liability recognised at 1 January 2019</b>	<b>116.1</b>

*Measurement of lease liabilities*

	£m
Lease liability recognised at 1 January 2019	116.1
Of which are:	
Current lease liabilities	10.1
Non-current lease liabilities	106.0
<b>Lease liability recognised at 1 January 2019</b>	<b>116.1</b>

**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. ACCOUNTING POLICIES (CONTINUED)**

*Measurement of right-of-use assets*

The associated right-of-use assets were measured at the 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 31 December 2018.

*Adjustments recognised in the balance sheet on 1 January 2019*

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by £115.7m
- prepayments – decrease by £3.3m
- accruals – decrease by £0.4m
- current lease liabilities – increase by £10.1m
- non-current lease liabilities – increased by £106.0m
- provisions – decrease by £3.3m

*Lessor accounting*

The Company recognised lease receivables of £6.1m on 1 January 2019 in relation to its right-of-use properties which have been sub-let.

*Other standards*

The following standards are effective from 1 January 2019 however they have not had a material impact on the financial statements:

- Interpretation 23 Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
- Annual Improvements to IFRS Standards 2015-2017 Cycle- Amendments to IFRS3,11,12 and 13
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19

**1B. FINANCIAL RISK MANAGEMENT**

The Company seeks to minimise the potential adverse impact arising from fluctuations in exchange rates and the unpredictability of the financial markets.

The Company operates within clearly defined guidelines that are approved by the board of directors of the ultimate holding Company and do not trade in derivative financial instruments. Financial risk management is carried out through risk reviews conducted centrally. This process is further enhanced by effective internal controls, a Group-wide insurance programme and adherence to the financial risk management policies.

The main areas of financial risk faced by the Company are as follows:

*Exchange rate risk*

The Company receives payment from customers sometimes denominated in foreign currencies. Risk arises in exchange rate differences between dates of transaction and settlement. The Company manages the risk of exchange rate fluctuations by entering into currency forward contracts when the risk is deemed to be significant and the timing and value of such transactions is known.

*Credit risk*

Credit risk is the risk that a counterparty will not meet its financial under a financial instrument or a customer contract, resulting in a financial loss. The Company is exposed to credit risk from its operations (primarily for receivables), and from its financing activities, including deposits with banks and foreign exchange transactions.

Receivables are presented net of a provision for impairment, and credit risk is minimised through effective monitoring of receivable balances and imposed credit limits on customers by management.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on *the balance sheet*. The Company's major classes of financial assets are bank deposits.

*Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies.

**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1B. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired.

*Liquidity risk*

An undertaking has been received from Genting Berhad to provide financial support to the Company to enable it to meet its obligations as they fall due. The Company practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities. The Company's cash flow is reviewed regularly to ensure that the Company is able to settle its commitments when they fall due.

The Company is not exposed to significant foreign currency exchange risk or price risk.

*Capital risk management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the Parent Company. Capital is calculated as 'total equity' as shown in the balance sheet.

**1C. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, not necessarily equal the related actual results.

*Carrying value of property, plant and equipment and intangible assets (note 9)*

The Company carries out reviews of property, plant and equipment and for intangible assets on an annual basis to determine whether events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated as either the higher of net selling price or value in use; the resultant loss or impairment write back (the difference between the carrying value and the recoverable amount) is recorded as a charge or credit in the income statement. The value in use is calculated as the present value of the estimated future cash flows expected to result from the use of the assets and their eventual disposal proceeds. In order to calculate the present value of estimated future cash flows the Company uses a discount rate based on the estimated weighted average cost of capital, together with any risk premium determined appropriate. Estimated future cash flows used in the impairment calculations represent management's best view of likely future market conditions and current decisions on the use of each asset or asset group. Actual future cash flows may differ significantly from these estimates, due to the effect of changes in market conditions or to subsequent decisions on the use of the assets. These differences may have a material impact on the asset values, impairment, depreciation and amortisation charge reported in future periods.

*Recovery of gaming debts (note 15)*

The Company revised its estimation basis for recovery of gaming debt during the year. Previously, full provision was made in the financial statements for all unrecovered gaming debts at the balance sheet date, net of amounts recovered up to the date of approval of the financial statements. In measuring the recoverability of gaming debts, the Company now uses a provision matrix method where these receivables are grouped based on shared credit risk characteristics and days past due. The expected loss rates are based on past payment profiles and historical credit losses experienced. Gaming debts are gradually provided for as they become aged, reaching full provision at 12 months past due. The Company fully provides for gaming debts when there is no reasonable expectation of recovery, with the case-by-case assessment performed based on indicators such as known legal or financial issues. Subsequent recoveries are recognised in the P&L when received. This revision in estimation resulted in a net increase of £6.2m in trade receivables, with a corresponding increase in profit.

*Defined benefit pension liabilities (note 18)*

As disclosed in note 19, the Company has a commitment under a defined benefit pension scheme. Year end recognition of the liabilities under this scheme and the valuation of assets held to fund these liabilities require a number of significant assumptions to be made, relating to key financial market indicators such as inflation and asset returns. These assumptions are made by the Group in conjunction with the scheme actuaries and the directors are of the view that any estimation should be prudent and in line with consensus opinion.

**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. REVENUE**

All revenues are generated in the United Kingdom.

Analysis of revenue by category:

	2019	2018
	£m	£m
Gaming	245.9	248.1
Food and beverage	18.4	19.2
Leasing of assets	0.1	-
<b>Total</b>	<b>264.4</b>	<b>267.3</b>

**3. EXCEPTIONAL ITEMS**

	2019	2018
	£m	£m
Termination and redundancy costs	(1.7)	(2.2)
Loss on disposal of property, plant and equipment (net of disposal costs)	(1.6)	-
Loss on disposal of investment properties (net of disposal costs)	(0.2)	-
Impairment of investment properties	(1.5)	-
Impairment of property, plant and equipment	(1.6)	-
Impairment of right of use assets	(1.7)	-
Impairment write back of licences	3.4	-
Waiver of loans from related parties	8.4	(0.5)
<b>TOTAL EXCEPTIONAL ITEMS</b>	<b>3.5</b>	<b>(2.7)</b>

**Details of exceptional items**

Termination and redundancy costs relate primarily to staff reductions across the estate.

The loss on disposal of property, plant and equipment relates to the sale of a casino leasehold

The loss on disposal of investment properties relates to the sale of the Company's investment properties (see note 13)

The impairment of investment properties relates to the write down of a property to its market value

The impairment and write property, plant and equipment and licences relates to the annual impairment review (see note 9A and 10A)

The waiver of loans from related parties relates to the waiver of a loan balance of £8.4m on sale of Coastbright Limited in March 2019



**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

<b>4. OTHER OPERATING INCOME</b>	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Other income	<b>8.6</b>	<b>3.0</b>

<b>5. OPERATING PROFIT BEFORE TAXATION</b>	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Operating profit is stated after charging/(crediting) the following:		
Employee benefits expense (note 6)	<b>90.8</b>	<b>93.4</b>
Inventories - cost of inventories recognised as an expense (included in cost of sales)	<b>10.9</b>	<b>11.8</b>
Gaming duty	<b>51.4</b>	<b>52.5</b>
Depreciation - owned property, plant and equipment (including £nil in respect of leased assets (2018: £nil))	<b>16.5</b>	<b>14.7</b>
Depreciation on right-of-use assets	<b>12.9</b>	<b>-</b>
Loss on disposal of property, plant and equipment (net of disposal costs)	<b>1.6</b>	<b>-</b>
Amortisation of intangible assets	<b>1.1</b>	<b>1.4</b>
Waiver of loans from related parties	<b>(8.4)</b>	<b>(0.5)</b>
Impairment of property, plant and equipment	<b>1.6</b>	<b>-</b>
Impairment of right of use assets	<b>1.7</b>	<b>-</b>
Impairment write back of licences	<b>(3.4)</b>	<b>-</b>
Operating lease rentals – land and buildings	<b>-</b>	<b>17.0</b>
Operating lease rentals – plant and machinery	<b>-</b>	<b>1.9</b>
Short-term and low value lease rentals	<b>3.2</b>	<b>-</b>
Rents receivable	<b>-</b>	<b>(0.6)</b>

Depreciation includes £4.8m (2018: £3.6m) in respect of properties.

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Fees payable to the Company's auditors:		
- Audit of the Company's financial statements	<b>0.1</b>	<b>0.1</b>
- Other non-audit services	<b>0.1</b>	<b>0.1</b>

GENTING CASINOS UK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

6. EMPLOYEES AND DIRECTORS

The average monthly number of persons employed by the Company during the year was 3,561 (2018: 3,726), comprising 3,268 in operations (2018: 3,450) and 293 in management and administration (2018: 276).

	2019	2018
	£m	£m
<b>Employee costs were as follows:</b>		
Wages and salaries	81.0	84.4
Social security costs	7.5	6.9
Other pension costs (note 18)	2.3	2.1
	90.8	93.4
<b>Directors remuneration was as follows:</b>		
Wages and salaries	1.3	1.2
Social security costs	0.2	0.2
Other pension costs (note 18)	0.1	0.1
	1.6	1.5

The highest paid director was paid wages and salaries of £0.7m (2018: £0.7m). The highest paid director has £nil (2018: £nil) accrued pension or lump sum and has no share options in the Company. No benefits are accruing to any directors under defined benefit schemes (2018: none).

7. NET FINANCE COSTS

	Note	2019	2018
		£m	£m
<b>Finance income:</b>			
Lease receivables	11	(0.3)	-
<b>Finance costs:</b>			
Lease liabilities	11	5.8	-
		5.5	-

GENTING CASINOS UK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

8. TAX CHARGE	2019 £m	2018 £m
<b>Analysis of tax charge in year</b>		
<b>Current tax - UK corporation tax</b>		
Charge in respect of current year	3.1	3.1
Adjustments in respect of prior years	(0.9)	0.2
<b>Total current tax charge</b>	<b>2.2</b>	<b>3.3</b>
<b>Deferred tax</b>		
Current year origination and reversal of timing differences	2.2	(0.4)
Adjustments in respect of prior years	(0.3)	-
<b>Total deferred tax charge (note 19)</b>	<b>1.9</b>	<b>(0.4)</b>
<b>Total tax charge</b>	<b>4.1</b>	<b>2.9</b>

All taxation relates to continuing operations.

The tax assessed for the year is higher (2018: higher) than the standard rate of UK corporation tax of 19.00% (2018: 19.00%). The differences are explained as follows:

	2019 £m	2018 £m
<b>Profit before tax</b>	<b>18.6</b>	<b>10.6</b>
Expected tax at 19.00% (2018: 19.00%)	3.5	2.0
Adjustments to current tax charge in respect of prior years	(0.9)	0.2
Adjustments to deferred tax charge in respect of prior years	(0.3)	-
Profit on disposal of fixed assets	0.3	-
Other expenses not deductible for tax purposes	1.4	1.3
Re-measurement of deferred tax – Change in corporation tax rate	0.1	-
Transfer pricing adjustment	-	(0.6)
<b>Total tax charge</b>	<b>4.1</b>	<b>2.9</b>

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017 and accordingly the Company's profits for this accounting year are taxed at 19%.

The March 2016 Budget Statement announced a reduction in the UK Corporation tax rate to 17% from 1 April 2020. This change was enacted in Finance Bill 2016, which reached Royal Assent in September 2016. Deferred taxes at the balance sheet date have been measured using the enacted tax rates and reflected in these financial statements.

GENTING CASINOS UK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

9. PROPERTY, PLANT AND EQUIPMENT

Cost	Properties							Total
	Freehold properties	Long leasehold properties	Short leasehold properties	Leasehold improvements	Fixtures, fittings and equipment	Motor vehicles	Assets in the course of construction	
	£m	£m	£m	£m	£m	£m	£m	£m
<b>At 1 January 2019</b>	<b>93.0</b>	<b>27.6</b>	<b>48.3</b>	<b>15.5</b>	<b>173.9</b>	<b>0.3</b>	<b>1.9</b>	<b>360.5</b>
Additions	-	-	-	5.2	14.5	-	2.2	21.9
Disposals	-	(3.4)	-	(2.2)	(1.6)	-	-	(7.2)
Disposals of operations (see note 26)	-	-	-	-	(0.9)	-	(0.2)	(1.1)
Reallocations	-	-	-	12.0	(12.0)	-	-	-
<b>At 31 December 2019</b>	<b>93.0</b>	<b>24.2</b>	<b>48.3</b>	<b>30.5</b>	<b>173.9</b>	<b>0.3</b>	<b>3.9</b>	<b>374.1</b>
<b>Accumulated depreciation</b>								
<b>At 1 January 2019</b>	<b>7.7</b>	<b>8.7</b>	<b>33.7</b>	<b>9.6</b>	<b>135.3</b>	<b>0.3</b>	<b>-</b>	<b>195.3</b>
Charge for the year	0.6	0.7	2.4	1.1	11.7	-	-	16.5
Impairment charge/(write back)	0.6	(0.2)	1.0	(0.6)	0.8	-	-	1.6
Disposals	-	-	-	(2.3)	(1.3)	-	-	(3.6)
Disposals of operations	-	-	-	-	(0.2)	-	-	(0.2)
Reallocations	-	-	-	8.4	(8.4)	-	-	-
<b>At 31 December 2019</b>	<b>8.9</b>	<b>9.2</b>	<b>37.1</b>	<b>16.2</b>	<b>137.9</b>	<b>0.3</b>	<b>-</b>	<b>209.6</b>
<b>Net book amount</b>								
<b>At 31 December 2019</b>	<b>84.1</b>	<b>15.0</b>	<b>11.2</b>	<b>14.3</b>	<b>36.0</b>	<b>-</b>	<b>3.9</b>	<b>164.5</b>
At 31 December 2018	85.3	18.9	14.6	5.9	38.6	-	1.9	165.2

Included within cost of sales is £nil (2018: £nil) in respect of assets written off.

The carrying value of land can be analysed as follows:

	2019	2018
	£m	£m
Freehold	69.0	69.0
Long leasehold	0.9	0.9
<b>Total</b>	<b>69.9</b>	<b>69.9</b>

Reallocations in the year amounting to £13.5m (2018: £nil) relate to assets which were allocated to the incorrect asset category in the prior period. This reallocation has a nil impact on the prior year or current year net book value of tangible assets.

Freehold property with a carrying value of £84.1m (2018: £84.8m) is pledged as security for an intercompany guarantee (see note 22).

See note 23 for contractual commitments on capital expenditure.

**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**9A. IMPAIRMENT REVIEW**

**Impairment review of property, plant and equipment and right of use assets**

If the carrying value of the Company's property, plant and equipment is higher than the estimated recoverable amount, then the value of those assets is written down. Property, plant and equipment and intangible assets are grouped into cash-generating units.

The inherent value of casino properties, plant and equipment is deemed to be an intrinsic part of the value of the operation of the casinos and is therefore considered as part of total casino assets in the impairment review. The cost of property, plant and equipment is £374.1m (2018: £360.4m). At the year end date, an impairment review was performed (as set out in Note 10A) and an impairment charge of £3.3m was recognised, consisting of impairment charges of £4.1m and impairment write backs of £0.8m (2018: £nil).

**10. INTANGIBLE ASSETS**

	Online Gaming Software	Acquired gaming licences	Total
	£m	£m	£m
<b>Cost</b>			
At 1 January and 31 December 2018	4.8	255.3	260.1
Additions	0.4	-	0.4
Disposals of trade and assets (note 26)	(5.2)	-	(5.2)
<b>At 1 31 December 2019</b>	<b>-</b>	<b>255.3</b>	<b>255.3</b>
<b>Accumulated amortisation and impairment</b>			
At 1 January 2019	(2.5)	(20.3)	(22.8)
Charge	(1.1)	-	(1.1)
Impairment write back (note 10A)	-	3.4	3.4
Disposals of trade and assets (note 26)	3.6	-	3.6
<b>At 31 December 2019</b>	<b>-</b>	<b>(16.9)</b>	<b>(16.9)</b>
<b>Net book amount</b>			
<b>At 31 December 2019</b>	<b>-</b>	<b>238.4</b>	<b>238.4</b>
At 31 December 2018	2.3	235.0	237.3

Licences comprise the cost of acquired gaming licences. These are not amortised as they are considered to have an indefinite life as there is no foreseeable limit to the period over which the licences are expected to generate cash inflows.

£115.7m of the cost of gaming licenses is allocated the High End division and £125.7m to the Core division.

Amortisation of intangible assets of £1.1mil (2018: £1.4m) is included within cost of sales.

**10A. IMPAIRMENT REVIEW**

**Impairment review of intangible assets with indefinite lives**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, in accordance with IAS 36 'Impairment of Assets'. The Company classifies goodwill and gaming licences as indefinite life assets and tests these for impairment in September each year.

*Gaming licences*

The inherent value of casino licences is deemed to be an intrinsic part of the value of the operation of the casinos and is therefore considered as part of total casino assets in the impairment review. An impairment review was performed at the year end resulting in a £3.4m impairment write back, consisting of impairment charges of £5.9m and impairment write backs of £9.3m (2018: £nil).

In performing the impairment review, each casino is assessed as a separate cash generating unit (CGU), except where one or more casinos are located within the same geographical area and the nature of the customers is such that they are transferable between these casinos. In this instance these casinos have then been grouped together and treated as a separate CGU. There are no individual CGUs deemed to be of a 'significant' proportion of the overall carrying value of intangible asset.

**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**10A. IMPAIRMENT REVIEW (CONTINUED)**

The recoverable amount of each CGU, including the licence, is determined based on the higher of fair value less cost to sell and value in use. Estimates of fair value have been determined with reference to an external valuation, prepared in accordance with RICS valuation professional standards, as published by the Royal Institution of Chartered Surveyors, on the basis of market value.

The value in use has been calculated using cash flow projections, with a 'base' cashflow for 2020 calculated using a combination of historic financial information (5 years) and financial projections for the following year. The base cashflow has then been extrapolated for a further 4 years using an annual and long term growth rate of 2.0% (2018: 2.0%), including inflation. This growth rate is consistent with forecasts included in industry reports and external sources. The post-tax discount rate applied to cash flow projections is 7.25% (2018: 7.75%).

The discounted cash flow projections are based on the Earnings before Interest, Tax and Depreciation & Amortisation, adjusted for right of use lease cash flows, of each CGU, and are therefore most sensitive to the following assumptions and variables:

- **Admissions**  
The number of discrete visits by members to the casino. The impairment assessment uses an average of 5 years historical information and a further year of projections, based a long term growth rate of 2%.
- **Spend per head**  
The average amount of money spent by a member on gaming tables and machines (net winnings), and food and beverages. The impairment assessment uses an average of 5 years historical information and a further year of projections, based on a long term growth rate of 2%.
- **Casino duty**  
Casino duty is levied in bands of between 15% and 50% depending upon the level of gaming win at each casino. The bands and rates have been assumed to remain at current levels without indexation.
- **Discount rate**  
Discount rate reflects management's estimate of the market interest rates adjusted for a suitable risk factor which management believes best reflects an appropriate market rate of return. The impact of this has been assessed by individual location.

As the carrying value of the assets being assessed for impairment for all CGUs are underpinned by their fair value, management believe that there are no reasonable permutations of the above cash flow sensitivities which would result in a different overall conclusion.

**11. LEASES**

	31 December 2019 £m	1 January 2019 £m
<b>Right-of-use assets</b>		
Properties	128.0	108.4
Motor vehicles	1.2	1.2
	<b>129.2</b>	<b>109.6</b>
<b>Lease liabilities</b>		
Current	(11.6)	(10.1)
Non-current	(127.2)	(106.0)
	<b>(138.8)</b>	<b>(116.1)</b>
	<b>2019 £m</b>	<b>2018 £m</b>
<b>Depreciation - right-of-use assets</b>		
Properties	12.4	-
Motor vehicles	0.5	-
	<b>12.9</b>	<b>-</b>

Additions to the right-of-use assets during the 2019 financial year were £34.2m.

The total cash outflow for leases in 2019 was £16.5m.

Impairments charges of £1.7m have been recognised during the year (see Note 10A)

**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**11. LEASES (CONTINUED)**

In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the group's borrowings. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to note 1A.

The group leases various casino premises, offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 1 year to 55 years, but may have extension options as described below. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs. There are no restrictions imposed upon the Group concerning dividends, additional debt or further leasing under any of the existing lease arrangements.

**12. INVESTMENTS**

	Shares	Loans	Total
	£m	£m	£m
<b>Cost</b>			
At 1 January 2018 and 31 December 2018	138.8	(138.8)	-
Additions	21.8	-	21.8
<b>At 31 December 2019</b>	<b>160.6</b>	<b>(138.8)</b>	<b>21.8</b>
<b>Provision for impairment</b>			
At 1 January 2018 and 31 December 2018	-	-	-
Impairment	-	-	-
<b>At 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book amount</b>			
<b>At 31 December 2019</b>	<b>160.6</b>	<b>(138.8)</b>	<b>21.8</b>
At 31 December 2018	138.8	(138.8)	-

The following trading subsidiaries and their voting rights were wholly owned either directly or indirectly by the Company at 31 December 2019:

				% equity interest	
	Activity	Country of Registration	Directly or indirectly owned	2019	2018
Genting Casinos Egypt Limited	Casino operator	Incorporated in England, operating in Egypt	Indirect	100	100
Capital Casinos Group Limited	Dormant	England	Indirect	100	100
Capital Corporation (Holdings) Limited	Dormant	England	Indirect	100	100
Capital Corporation Limited	Dormant	England	Direct	100	100
Freeany Enterprises Limited	Administrative services on behalf of fellow group companies	England	Indirect	100	100
MLG Investments Limited	Dormant	England	Indirect	100	100
Westcliff Casino Limited	Dormant	England	Indirect	100	100

GENTING CASINOS UK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

12. INVESTMENTS (CONTINUED)

				% equity interest	
	Activity	Country of Registration	Directly or indirectly owned	2019	2018
Crockfords Investments Limited*	Dormant	England	Indirect	100	100
Genting Malta Limited	Online casino and sportsbook operator	Malta	Direct	100	-
Genting Spain Plc	Online casino and sportsbook operator	Malta	Indirect	100	-
Authentic Gaming Limited	Live casino provider	Malta	Indirect	100	-
Authentic Gaming Malta Limited	Live casino provider	Malta	Indirect	100	-
Genting (Gibraltar) Limited	Support services for the online operation of Genting, initially marketing support	Gibraltar	Direct	100	-

The registered office address of all subsidiaries is Genting Club, Star City, Watson Road, Birmingham, B7 5SA apart from

- Crockfords Investments Limited whose registered office address is P.O. Box 25 Regency Court, Glatigny Esplanade, St Peter Port, Guernsey GY1 3AP
- Genting Malta Limited and Genting Spain Plc – whose registered office address is Level G (Office 1/1120), Quantum House 75, Abate Rigord Street, Ta'Xbiex, XBX 1120, Malta
- Authentic Gaming Limited and Authentic Gaming Malta Limited – whose registered office is No.1 The Firs, Gorg Borg Olivier Street, Sliema, Malta.
- Genting (Gibraltar) Limited – whose registered office is Madison Building, Midtown, Queensway, Gibraltar, GX11 1AA

The directors consider the value of investments to be supported by the value of their underlying assets.

During the years ended 31 December 2018 and 2019 the Group carried out a programme to dispose of non-trading companies through a series of liquidations and strike offs. Companies marked with an asterisk (\*), have been dissolved, or are in the process of being dissolved as part of this exercise.

13. INVESTMENT PROPERTY

	Investment Property
	£m
<b>Cost</b>	
At 1 January and 31 December 2018	11.5
Disposals	(11.5)
<b>At 31 December 2018</b>	-
<b>Accumulated Depreciation</b>	
At 1 January 2019	(0.1)
Impairment charge	(1.5)
Disposals	1.6
<b>At 31 December 2019</b>	-
<b>Net book amount</b>	
<b>At 31 December 2019</b>	-
At 31 December 2018	11.4

During the year the Company disposed of investment properties for a sales price of £9.8m. 46 Hertford Street had net book value of £9.8m after an impairment charge was recognised on the property in the year of £1.5m.



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**14. INVENTORIES**

	2019 £m	2018 £m
Consumables	0.7	0.6
Goods for resale	1.4	1.4
	<b>2.1</b>	<b>2.0</b>

There is no significant difference between the replacement cost of inventories and their carrying value.

There are no significant inventory provisions in either 2019 or 2018.

**15. TRADE AND OTHER RECEIVABLES**

	2019 £m	2018 £m
<b>Current</b>		
Trade receivables	6.2	1.3
Amounts due from related parties	155.9	224.4
Other receivables	9.2	4.8
Prepayments and accrued income	4.5	10.5
Lease receivables	0.3	-
	<b>176.1</b>	<b>241.0</b>
<b>Non-Current</b>		
Lease receivables	5.6	-
	<b>5.6</b>	<b>-</b>

In 2019, £0.8m (2018: 1.4m) was recovered in the year net of amounts provided against, relating to gaming income generated during the year and prior periods.

The fair value of trade and other receivables is considered to be their carrying value. There are £2.2m (2018: £0.1m) of trade receivables past due but not impaired. There are no other classes of assets which are impaired. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables disclosed above.

Amounts due from related parties are unsecured, repayable on demand with no fixed date of repayment and do not bear interest.

**16. CASH AND CASH EQUIVALENTS**

	2019 £m	2018 £m
Cash at bank and in hand	68.6	31.0
Short term bank deposits	-	0.4
	<b>68.6</b>	<b>31.4</b>

The average rate of interest on short term deposits was 0.15% (2018: 0.15%). These deposits had an average maturity of one day. Cash and cash equivalents in the cash flow statements comprise cash at bank, other short term highly liquid investments with a maturity of three months or less, overdrafts and borrowings

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**17. TRADE AND OTHER PAYABLES**

	2019	2018
	£m	£m
Trade payables	21.7	20.9
Amounts owed to related parties	312.2	343.2
Taxation and social security	15.7	15.3
Accruals and deferred income	17.0	20.7
	<b>366.6</b>	<b>400.1</b>

Amounts due to Group undertakings are unsecured, interest free and have no fixed date of repayment, and repayable on demand.

**18. PENSION COMMITMENTS**

The Company is a member of two pension schemes operated by an intermediate parent undertaking, a defined contribution scheme and a defined benefit scheme.

**Defined contribution schemes**

One of the schemes is defined contribution. The cost of this scheme was £2.3m for the year ended 31 December 2019 (2018: £2.1m). There are no amounts outstanding in respect of defined contribution schemes at 31 December 2019.

**Defined benefit scheme**

The second scheme, the Genting UK Retirement Benefit Scheme, is a defined benefit scheme which provides benefits based on final pensionable earnings. Membership has not been offered since 2 February 2001, and the scheme is, therefore, effectively closed to new entrants. This has not affected the status or rights of existing members. The scheme also was closed to future accrual on 31 July 2011. The latest membership information, recorded as at 30 April 2018, reported a total of 234 members in the scheme, of which 119 were deferred and 115 pensioners.

The last full actuarial valuation was carried out by a qualified independent actuary as at 30 April 2018 and the results have been updated to 31 December 2019 by a qualified actuary, independent of the scheme's sponsoring employer.

All actuarial gains and losses in the year are recognised immediately in the statement of comprehensive income.

Contributions to the scheme are agreed by the Company with the Trustees of the scheme as part of the process for determining the funding for the scheme.

	2019	2018
	%	%
<b>The major categories of assets as a percentage of total plan assets are as follows:</b>		
Equities and diversified growth funds	61	55
Bonds	39	45
Cash	-	-
Total	100	100
	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>

**The principal assumptions made by the actuaries were:**

Inflation	2.00	2.30
Discount rate	1.95	2.75
Pensions in payment increase if CPI is 5.0% or less	2.00	2.30
Pensions in payment increase if CPI is 2.5% or less	1.60	1.80
Revaluation rate for deferred pensioners	2.00	2.30
Expected return on plan assets	1.95	2.75

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**18. PENSION COMMITMENTS (CONTINUED)**

The overall expected return on plan assets was derived as an average of the long term expected rates of return on each major asset category weighted by the allocations among the categories.

The mortality assumptions adopted imply the following life expectancies:

	2019	2018
Male currently age 65	21.0 years	21.4 years
Female currently age 65	22.9 years	23.3 years
Male currently age 45	22.0 years	22.5 years
Female currently age 45	24.1 years	24.5 years

**19. DEFERRED TAX LIABILITIES**

An analysis of the deferred tax provision is as follows:

	2019 £m	2018 £m
<b>Deferred tax liabilities</b>		
Gaming properties and licences	49.9	47.6
<b>Deferred tax assets</b>		
Accelerated Capital Allowances	(1.9)	(1.5)
<b>Net deferred tax liability</b>	<b>48.0</b>	<b>46.1</b>

The movement on the deferred tax account is shown below:

	2019 £m	2018 £m
Net liability at 1 January	46.1	46.5
Adjustments in respect of prior years	(0.3)	-
(Credit)/charge to income statement - continuing operations		
- gaming properties and licences	2.2	(0.4)
- Accelerated capital allowances	(0.1)	-
Change of rate	0.1	-
<b>Net liability at 31 December</b>	<b>48.0</b>	<b>46.1</b>

All deferred assets and liabilities are expected to be recovered or settled more than 12 months after the year end.

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The recognition at year end is supported by the Company's cashflow projections.

The Company has a deferred tax asset totalling £nil (2018: £nil) relating to non-trading tax losses. This has not been recognised as management does not believe it is probable that there will be sufficient non-trading taxable profits in the future to offset these losses.

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**20 PROVISIONS FOR LIABILITIES**

	2019	2018
	£m	£m
Liability at 1 January	-	3.9
Charge to income statement	-	-
Unwinding of discount	-	(0.1)
Payments charged against provision	-	(0.5)
<b>Liability at 31 December</b>	<b>-</b>	<b>3.3</b>
Current	-	0.5
Non-current	-	2.8

As explained note 1A, on transition to IFRS16 the closing onerous lease provision has been included as part of the related right-of-use assets as an opening impairment.

For the 2018 financial year, the provision for onerous leases related to properties which are no longer used for trading. The provision is net of estimated rental income from subletting the properties. The costs were discounted at a rate of 3.0%.

**21. ORDINARY SHARES**

	2019	2018
	£m	£m
<b>Allotted and called up share capital</b>		
16,550,000 (2018: 16,550,000) Ordinary shares of £1 each	<b>16.6</b>	<b>16.6</b>

The authorised share capital of the Company is £16,550,000 (2018: £16,550,000) divided into ordinary shares of £1 each.

**22. CONTINGENT LIABILITIES**

The Company has given a guarantee in respect of the bank borrowings of its intermediate parent undertaking which amounted to £70.0m at 31 December 2019 (2018: £120.0m). The guarantee is secured by a charge on the Company's freehold property (see note 9).

The amount of any liability to be recognised under the company's accounting policy is immaterial.

**23. CAPITAL COMMITMENTS**

Capital expenditure contracted for but not provided in the financial statements at 31 December 2019 amounted to £5.4M (2018: £5.5m).

**24. OPERATING LEASE COMMITMENTS**

The Company has a number of lease agreements which qualify as non-cancellable operating lease agreements (2018: under IAS 17). These relate primarily to future rentals payable on land and buildings of casinos and rental of gaming machines and general equipment within the casinos.

From 1 January 2019, the company has recognised right-of-use assets for these leases, except for short-term and low-value leases, see note 11 and note 1A for further information.

	2019	2019	2018	2018
	Land and buildings	Plant and machinery	Land and buildings	Plant and machinery
	£m	£m	£m	£m
<b>Future minimum rentals payable under non-cancellable leases :</b>				
Within one year	-	1.3	16.6	2.1
After one year but not more than five years	-	1.3	23.3	2.5
More than five years	-	-	37.8	-
<b>Total</b>	<b>-</b>	<b>2.6</b>	<b>77.7</b>	<b>4.6</b>

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**25. RELATED PARTY TRANSACTIONS**

The Company is a wholly owned subsidiary of Genting UK plc and has taken advantage of the exemption conferred by FRS101 not to disclose transactions with other wholly owned subsidiaries within the Group.

The Company had the following transactions with other Genting Berhad subsidiaries which sit outside of the UK:

	Amounts owed to other Genting Berhad subsidiaries outside the UK £m	Amounts owed by other Genting Berhad subsidiaries outside the UK £m
<b>At 1 January 2019</b>	(0.1)	0.3
Amounts repaid/(borrowed)	-	0.2
<b>At 31 December 2019</b>	(0.1)	0.5

**26. DISPOSAL OF OPERATIONS**

On 25 September 2019 Genting Casinos UK Limited disposed of 100% of its trade and assets associated with its online gaming business to its subsidiary as part of an internal group reorganisation for share consideration of 6,600,000 shares of £1 each and cash consideration of £nil. The profit on disposal was:

	2019 £m	2018 £m
<b>a) Profit on Disposal</b>		
Fair value of share consideration	6.6	-
Fair value of cash consideration	-	-
Disposal costs	-	-
Carrying amount of assets sold	(0.5)	-
Profit on disposal before tax	7.1	-
Income tax expense on profit	-	-
<b>Profit after tax on disposal</b>	7.1	-

The carrying amounts of assets and liabilities as at the date of sale were:

	£m
Intangible assets	1.6
Property, plant and equipment	0.9
Trade and other receivables	-
Cash at bank and in hand	1.6
<b>Total assets</b>	<b>4.1</b>
Trade and other payables	(4.6)
<b>Total liabilities</b>	<b>(4.6)</b>
<b>Net Liabilities</b>	<b>(0.5)</b>

**b) Cash flow**

	2019 £m	2018 £m
Operating cash flows	(0.7)	(1.0)
<b>Total cash flows</b>	<b>(0.7)</b>	<b>(1.0)</b>

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**27. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking is Stanley Casinos Holdings Limited.

The ultimate parent undertaking and controlling party is Genting Berhad, a company incorporated in Malaysia and whose shares are listed on the Bursa Malaysia.

Genting Berhad is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2019. The consolidated financial statements of Genting Berhad are available from 24th Floor, Wisma Genting, 28 Jalan Sultan Ismail, 50250, Kuala Lumpur, Malaysia.

Genting UK plc is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2019. The consolidated financial statements of Genting UK plc can be obtained from the head office at Genting Club, Star City, Watson Road, Birmingham, England, B7 5SA.