

**GENTING CASINOS UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**  
**COMPANY REGISTRATION NUMBER: 01519689**

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GENTING CASINOS UK LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2017

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# GENTING CASINOS UK LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present their strategic report and the audited financial statements of the Company for the year ended 31 December 2017.

### Principal Activities and Business Review

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 40 casinos, 3 of which comprise the High End division in London, 36 casinos throughout the UK, comprising the Core division and 1 casino at Resorts World Birmingham (RWB).

Genting Casinos UK Limited is a subsidiary of Genting Berhad, which is a company incorporated in Malaysia and is currently listed on the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Genting Berhad operates a premier integrated resort in Malaysia which includes family offerings, hotel, theme park and entertainment.

A strong and experienced senior management team implements the policies and directions set by the board.

The UK casino market has faced headwinds during the course of 2017 due to increased regulatory pressure, weakened consumer confidence in the face of Brexit and inflationary pressure. An industry wide intensification of KYC procedures has led to reduced play in some clubs. However, the business has remained resilient against this challenging backdrop with revenues growing by 2% as it continues to benefit from strategic changes implemented in previous years.

During the year management has reviewed the carrying values of gaming licences and property, plant and equipment, resulting in a net write back of £nil (2016: £12.7m) (see notes 9A and 10A).

### Results and Dividends

The trading for the year has resulted in a loss of £18.0m (2016: profit £36.9m) after an exceptional loss of £30.7m (2016: £9.5m). The profit for the year has resulted in a decrease in the Company's net assets from £248.6m at 31 December 2016 to £230.6m at 31 December 2017.

The net exceptional credit before tax of £30.7m (2016: £8.3m) during the year primarily relating to a credit of £67.3m (2016: £Nil) from income from shares in Group undertakings. This was offset by an investment write off and balances owed to Group undertakings of £95.7m (2016: £Nil), termination and redundancy costs of £0.5m (2016: £3.8m), a loan waiver charge of £2.0m (2016: £Nil) and an onerous lease credit of £0.1m (2016: £0.6m charge). In 2016 there was an impairment write back of licences £13.0m, impairment of property, plant and equipment of £0.3m. The tax effect of these items was a credit of £0.1m (2016: credit of £1.7m). In addition an exceptional tax credit of £Nil (2016: £2.9m) arose due to the changes in corporation tax rates.

### Future Developments

The focus of the Company over the coming year includes strengthening its position in the Core business segment and improving business efficiency. In addition, the Company will continue to monitor its marketing strategies in the High End segment as it seeks to maintain consistent profits through reduced volatility.

### 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.

# GENTING CASINOS UK LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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### **Key Performance Indicators**

The directors consider the key performance indicators of the Company to be attendance and average spend per head.

Total number of casino attendances in the year reduced by 6% to 4,113,000 (2016: 4,393,000). Average spend per customer in the year increased by 6% to £72.17 (2016: £67.88).

### **Financial Risk Management**

The Company's approach to financial risk management is detailed in the accounting policies on page 17.

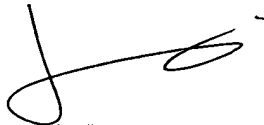
### **Treasury Policy**

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**

28 February 2018

# GENTING CASINOS UK LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2017

### **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 (2016: £nil).

### **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

### **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, a quarterly newsletter and staff conferences. The Company has regular consultation with employees so that employees' views can be taken into account in making decisions that are likely to affect their interests.

The Company endorses the principles of equal employment opportunities in the selection, training, career development and promotion of employees, regardless of gender, orientation, ethnic origin, religion and whether disabled or otherwise. The Company endeavours to accommodate employees who suffer a disability during their employment in a more suitable role for their needs and capabilities.

### **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 in 2017 in respect of 2017 which will be consistent with previous years (2016: £281,000).

### **Going Concern**

Notwithstanding the fact that the Company has net current liabilities amounting to £59.7m (2016: £221.0m), 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.

### **General Information**

The Company is a limited company 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.

DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**Directors' Third Party Indemnities**

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.

**Financial Risk Management**

The Company's approach to financial risk management is detailed in the accounting policies on page 17.

**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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 IFRSs as adopted by the European Union 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 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.

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.

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.

**Disclosure of Information to Auditors**

The directors confirm that, as far as they are aware, there is no relevant audit information of which the Group's auditors are unaware, and all steps have been taken by the directors to make themselves aware of relevant audit information, and to establish that the auditors are aware of that information. The above is in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



James Axelby  
Director

28 February 2018

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

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### **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 2017 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 2017; the income statement, the statement of cash flows, 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**

We have nothing to report in respect of the following matters in relation to which 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.

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.

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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***

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### *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 2017 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 4, 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

2 February 2018



GENTING CASINOS UK LIMITED  
INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017

		2017			2016		
		Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
	Note	£m	£m	£m	£m	£m	£m
<b>Revenue</b>	1,2	<b>287.1</b>	-	<b>287.1</b>	280.6	-	280.6
Cost of sales	3	(269.9)	(98.1)	(368.0)	(246.9)	8.3	(238.6)
<b>Gross profit/(loss)</b>		<b>17.2</b>	<b>(98.1)</b>	<b>(80.9)</b>	33.7	8.3	42.0
Administrative expenses		(5.1)	-	(5.1)	(3.4)	-	(3.4)
Other income	4	3.3	-	3.3	3.9	-	3.9
<b>Operating profit/(loss)</b>	6	<b>15.4</b>	<b>(98.1)</b>	<b>(82.7)</b>	34.2	8.3	42.5
Income from shares in Group Undertaking	11	-	67.3	67.3	-	-	-
Finance income	5	-	-	-	0.1	-	0.1
<b>Profit/(loss) before tax</b>	6	<b>15.4</b>	<b>(30.8)</b>	<b>(15.4)</b>	34.3	8.3	42.6
Tax charge	8	(2.7)	0.1	(2.6)	(6.9)	1.2	(5.7)
<b>Profit/(loss) for the year</b>		<b>12.7</b>	<b>(30.7)</b>	<b>(18.0)</b>	27.4	9.5	36.9

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

The results for the year relate to continuing operations.

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

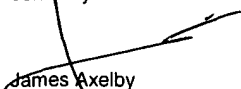
The notes on pages 11 to 34 form part of these financial statements.

GENTING CASINOS UK LIMITED  
BALANCE SHEET  
AS AT 31 DECEMBER 2017

	Note	2017 £m	31 December 2016 £m Restated	01 January 2016 £m Restated
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	9	163.7	170.2	182.7
Intangible assets	10	238.7	235.0	222.0
Investments	11	-	2.5	2.5
Investment property	13	11.5	-	-
Total non-current assets		413.9	407.7	407.2
<b>Current assets</b>				
Inventories	14	2.0	2.3	2.6
Trade and other receivables	15	240.6	270.5	245.6
Cash and cash equivalents	16,18	56.0	37.9	41.4
Current tax		1.4	2.6	7.0
Total current assets		300.0	313.3	296.6
Total assets		713.9	721.0	703.8
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	17	(432.9)	(421.2)	(442.9)
Provisions for liabilities	21	(0.6)	(0.8)	(1.0)
Total current liabilities		(433.5)	(422.0)	(443.9)
Net current liabilities		(133.7)	(108.7)	(147.3)
<b>Non-current liabilities</b>				
Deferred tax liabilities	20	(46.5)	(46.4)	(44.3)
Provisions for liabilities	21	(3.3)	(4.0)	(3.9)
Total non-current liabilities		(49.8)	(50.4)	(48.2)
Total liabilities		(483.3)	(470.4)	(492.1)
<b>TOTAL NET ASSETS</b>		<b>230.6</b>	<b>248.6</b>	<b>211.7</b>
<b>CAPITAL AND RESERVES</b>				
Share capital	22	16.6	16.6	16.6
Share premium account		148.5	148.5	148.5
Retained earnings		65.5	83.5	46.6
<b>TOTAL EQUITY</b>		<b>230.6</b>	<b>248.6</b>	<b>211.7</b>

The notes on pages 11 to 34 form part of these financial statements.

The financial statements on pages 7 to 34 were approved by the Board of Directors on 28 February 2018 and signed on its behalf by:

  
James Axelby  
Director

Genting Casinos UK Limited  
Registered number: 01519689

GENTING CASINOS UK LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £m	2016 £m (Restated)
<b>Cash flows from operating activities</b>	25	<b>65.3</b>	29.1
<b>Cash flows used in investing activities</b>	26	<b>(24.2)</b>	(7.6)
<b>Cash flows used in financing activities</b>	27	<b>(23.0)</b>	(25.0)
Advances to fellow subsidiary undertaking		-	-
Net cash flows used in financing activities		-	-
Net increase in cash and cash equivalents		<b>18.1</b>	(3.5)
<b>Movement in cash and cash equivalents</b>			
Net cash and cash equivalents at the beginning of the year		<b>37.9</b>	41.4
Net increase in cash and cash equivalents		<b>18.1</b>	(3.5)
Cash and cash equivalents at the end of the year	18	<b>56.0</b>	37.9

GENTING CASINOS UK LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium account	Retained earnings	Total equity
	£m	£m	£m	£m
At 1 January 2016	16.6	148.5	46.6	211.7
Profit for the year and total comprehensive income	-	-	36.9	36.9
At 31 December 2016	16.6	148.5	83.5	248.6
Profit / (Loss) for the year and total comprehensive income	-	-	(18.0)	(18.0)
<b>At 31 December 2017</b>	<b>16.6</b>	<b>148.5</b>	<b>55.5</b>	<b>230.6</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 2017

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#### 1. ACCOUNTING POLICIES

##### **Basis of preparation**

The financial statements of Genting Casinos UK Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on the going concern basis, under the historical cost convention as modified by the revaluation of certain properties and financial assets and financial liabilities at fair value through profit or loss. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

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 31 December 2017 (2016: 1 January 2017). For ease of reference in these financial statements all references to the results for the year are for the year to 31 December 2017 and the financial position at 31 December 2017.

In accordance with paragraph 10 of IAS 27 and the exemption under section 400 of the Companies Act 2006, the Company has elected not to prepare consolidated financial statements. Group financial statements for Genting UK plc can be obtained from the head office at Genting Club, Star City, Watson Road, Birmingham, England, B7 5SA.

##### **Going Concern**

Notwithstanding the fact that the Company has net current liabilities amounting to £133.7m (2016: £108.7m restated), 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.

##### **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

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.

##### Onerous Leases

The Company is party to a number of leasehold property contracts. Provision has been made against those leases where the property is now vacant and the unavoidable costs under the lease exceed the economic benefit expected to be derived from potential subletting arrangements. The estimated discounted cash flows derived from the property and its associated operations are insufficient to cover the unavoidable lease costs and the lease is therefore deemed onerous. Estimated future cash flows used in the onerous lease calculations represent management's best view of the likely market conditions relating to each contract.

##### Recovery of gaming debts

There is significant uncertainty as to the recoverability of gaming debts arising from unpaid cheques. The directors take a prudent approach in making full provision against all debts until the cash has been received.

# GENTING CASINOS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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### **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.

IFRS 15 is a new reporting standard for Revenue Recognition that is effective for annual periods beginning after 1 January 2017 and early adoption is permitted; however the Group has not early adopted in preparing these consolidated financial statements. The Group has undertaken a comprehensive review of all income streams in readiness for the implementation of the new revenue standard and has concluded that it will not have a material impact upon the financial statements. This assessment is driven by gaming revenue streams falling under IAS39 – Financial Instruments, and revenues for other income streams such as F&B and Hotel rooms, with singular performance obligations, already being accounted for in line with the delivery to the end customer.

### **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 IAS39, 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.

### **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.

### **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:

# GENTING CASINOS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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- Freehold and long leasehold properties are depreciated over 50 years on a straight line basis;
- Short leasehold premises 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 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**

#### **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.

#### **Online gaming software**

The costs relating to internally generated intangible assets, being the Company's online gaming software, are capitalised if the criteria for recognition as assets are met. 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 5 years.

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.

### **Impairment of 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

## GENTING CASINOS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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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.

#### **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, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

##### **(a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for 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).

##### **(b) Held-to-maturity financial assets**

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

##### **(c) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

#### **Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Full provision is 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.

#### **Financial Instruments**

Financial instruments that are measured at fair value are disclosed in the consolidated financial statements in accordance with the following fair value measurement hierarchy:

- i) Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)
- ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices), or indirectly (that is, derived from prices) (level 2)
- iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.



**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**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.

**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.

**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.

**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.

**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.

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.

**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.

GENTING CASINOS UK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**Leases**

*Finance leases*

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the (1) fair value of the leased property and (2) the present value of the minimum lease payments. Lease payments are allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

*Operating leases*

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.

**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.

**Employee benefits**

a) Short-term employee benefits

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

b) Post-employment benefits

i) 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.

ii) Defined benefit scheme

The Company is a contributor to a multi-employer plan, the Genting Stanley 1988 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 19.

# GENTING CASINOS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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### *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.

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

### *Interpretations and amendments to published standards effective in 2017*

#### *New and amended standards adopted by the Group:*

IAS 1, Presentation of financial statements (effective for annual periods beginning on or after 1 January 2017);  
IFRS 10, Consolidated financial statements (effective for annual periods beginning on or after 1 January 2017);  
IFRS 11, Joint arrangements (effective for annual periods beginning on or after 1 January 2017);  
IFRS 14, Regulatory deferral accounts (effective for annual periods beginning on or after 1 January 2017);  
IAS 16, Property, plant and equipment (effective for annual periods beginning on or after 1 January 2017);  
IAS 27, Separate financial statements (effective for annual periods beginning on or after 1 January 2017);  
IAS 28, Investments in associates and joint ventures (effective for annual periods beginning on or after 1 January 2017);  
IAS 38, Intangible assets (effective for annual periods beginning on or after 1 January 2017);  
Annual Improvements 2014 (effective for annual periods beginning on or after 1 January 2017).  
The adoption of these accounting standards did not have a material impact on the Group's financial statements.

### *Interpretations and amendments to published standards effective in 2017*

#### *New and amended standards adopted by the Group:*

- IAS 7, Statement of cash flows (effective for annual periods beginning on or after 1 January 2017);
- IAS 12, Income taxes on recognition of deferred tax assets for unrealised losses (effective for annual periods beginning on or after 1 January 2017);

The adoption of these accounting standards did not have a material impact on the Group's financial statements.

### *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following standards and amendments to existing standards have been published and are mandatory for the Group's financial periods beginning on or after 1 January 2018 or later periods, but the Group has not early adopted them:

- IFRS 9, Financial instruments (effective for annual periods beginning on or after 1 January 2018), addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments.

The Company has undertaken a review of receivables excluding amounts owed by related parties and has considered historical instances of non-payment and current events impacting future ability to pay in advance of implementing the new standard. Within the scope of the work carried out there is no indication of a material impact on the reported profit and net assets of the Company.

- IFRS 15, Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018), deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue.

The Company has undertaken a comprehensive review of all income streams in readiness for the implementation of the new revenue standard and has concluded that it will not have a material impact upon the financial statements.  
This

## GENTING CASINOS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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assessment is driven by gaming revenue streams falling under IAS39 – Financial Instruments, and revenues for other income streams such as F&B and Hotel rooms, with singular performance obligations, already being accounted for in line with the delivery to the end customer.

- IFRS 16, Leases (effective for annual periods beginning on or after 1 January 2019), addresses the definition of a lease, and recognition and measurement of leases. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees.

Whilst a full impact assessment of IFRS 16 won't be undertaken until 2018, it is anticipated that the new standard will represent a significant change to the reporting of leases and have a material impact on the reported profit and net assets of the Group.

- IFRS 2, Share based payments (effective for annual periods beginning on or after 1 January 2018).

The Company have no transactions which fall under the scope of this standard.

#### 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:

##### Credit risk

Financial assets that potentially subject the Company to concentrations of credit risk consist principally of receivables, bank balances and deposits. The Company's cash equivalents and short-term deposits are placed with high creditworthy financial institutions. An analysis of the Company's cash and cash equivalents, by credit rating, are disclosed in note 16. Receivables are presented net of provision for impairment. Credit risk with respect to trade receivables is limited as the Company does not have any significant exposure to any individual customer or counterparty.

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.

##### (a) 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.

##### (b) Financial assets that are past due and/or impaired

There are no other classes of financial assets that are 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.

**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. REVENUE**

As at 31 December 2017, the Company is organised into five main business segments: High End, based on the high roller casinos in London; Core, based on other casinos in the UK; RWB, based on the casino at the Group's Resorts World Birmingham development; Interactive based on the Groups online activities which were transferred across during 2017; and Corporate, based on central activities. All revenues are generated in the United Kingdom.

Management has determined the operating segments based upon the reports reviewed by the management board that are used to make strategic decisions.

	2017	2016
	£m	£m
<b>Revenue:</b>		
- High End	73.2	59.1
- Core	195.4	211.1
- RWB	9.9	10.4
- Interactive	8.6	-
<b>Total</b>	<b>287.1</b>	<b>280.6</b>

**3. EXCEPTIONAL ITEMS**

	2017	2016
	£m	£m
Termination and redundancy costs	(0.5)	(3.8)
Reversal of impairment of intangible assets	-	13.0
Impairment of property, plant and equipment	-	(0.3)
Write off of investment and balances owed to group undertakings	(95.7)	-
Onerous lease provision	0.1	(0.6)
Waiver of loans from related parties	(2.0)	-
Income from shares in Group undertakings	67.3	-
Tax	0.1	1.2
<b>TOTAL EXCEPTIONAL ITEMS</b>	<b>(30.7)</b>	<b>9.5</b>

**Details of exceptional items**

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

An onerous lease provision was provided for each of the property leases the Company pays for which are no longer used for trading (see note 21). The provision is reviewed annually resulting in a credit of £0.1m in the year (2016: £0.6m).

The impairment write back of licenses and the impairment of property, plant and equipment relates to the annual impairment review (notes 9A and 10A).

The waiver of loans from related parties includes the following:

- i) The waiver of a loan balance of £1.0m owing from Genting Alderney Limited prior to the transfer of its trade and assets to the Group (note 12)
- ii) The waiver of a loan balance of £1.0m owing from Waters Solihull Limited

The Income from shares in group undertakings and write off of investment and balances owed to group undertakings arose as a result of a liquidation and strike off process to remove dormant entities from the group (note 11)

The exceptional tax credit includes the credit arising from the change in tax rate of £Nil (2016: £2.9m) and the tax impact of the exceptional items detailed above of £0.1m credit (2016: charge of £1.7m).

GENTING CASINOS UK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

4. OTHER INCOME	2017	2016
	£m	£m
Other income	3.3	3.9

5. FINANCE INCOME	2017	2016
	£m	£m
Interest income on short-term bank deposits	-	0.1

6. PROFIT BEFORE TAX	2017	2016
	£m	£m
Profit before tax is stated after charging/(crediting) the following:		
Employee benefits expense (note 7)	100.1	100.6
Inventories - cost of inventories recognised as an expense (included in cost of sales)	13.2	13.0
Gaming duty	61.2	54.9
Depreciation on property, plant and equipment	16.7	18.9
Profit on disposal of fixed assets	(0.1)	-
Amortisation of intangible assets	1.1	-
Operating lease rentals – land and buildings	17.4	11.5
Operating lease rentals – plant and machinery	1.8	1.3
Rents receivable	(0.6)	(0.7)

Depreciation includes £3.5m (2016: £3.5m) in respect of properties.

	2017	2016
	£m	£m
Fees payable to the Company's auditors:		
- Audit of the Company's financial statements	0.1	0.1
- Taxation compliance services	-	0.1
- Other non-audit services	0.3	-

Fees payable to the Company's auditors for the audit of the Company financial statements were £105,000 (2016: £94,000) and for non-audit fees were £185,000 (2016: £131,000).

**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**7. EMPLOYEES AND DIRECTORS**

The average monthly number of persons employed by the Company during the year was 3,762 (2016: 3,938), comprising 3,518 in operations (2016: 3,702) and 244 in management and administration (2016: 236).

	2017	2016
	£m	£m
<b>Employee costs were as follows:</b>		
Wages and salaries	90.9	91.9
Social security costs	7.4	7.0
Other pension costs (note 19)	1.8	1.7
	<b>100.1</b>	<b>100.6</b>

**Directors remuneration was as follows:**

Wages and salaries	0.8	0.5
Social security costs	0.1	0.1
Other pension costs (note 19)	0.1	-
	<b>1.0</b>	<b>0.6</b>

**Remuneration of key management personnel of the Group:**

Salaries and short-term employee benefits	1.3	1.3
Post-employment benefits	0.1	0.1
	<b>1.4</b>	<b>1.4</b>

The highest paid director was paid wages and salaries of £0.5m (2016: £0.3m). The highest paid director has £nil (2016: £nil) accrued pension or lump sum and has no share options in the Company. No benefits are accruing to any directors under defined contribution schemes or defined benefit schemes (2016: none).

There was £Nil (2016: £0.2m) included in compensation of key management personnel paid in lieu of compensation for loss of office.

**8. TAX CHARGE**

	2017	2016
	£m	£m
<b>Analysis of tax charge in year</b>		
<b>Current tax - UK corporation tax</b>		
Charge in respect of current year	4.0	3.6
Adjustments in respect of prior years	(1.5)	-
Total current tax charge	<b>2.5</b>	<b>3.6</b>
<b>Deferred tax</b>		
Current year origination and reversal of timing differences	(0.3)	4.5
Impact of change in UK tax rate	0.0	(2.9)
Adjustments in respect of prior years	0.4	0.5
Total deferred tax charge (note 20)	<b>0.1</b>	<b>2.1</b>
Total tax charge	<b>2.6</b>	<b>5.7</b>

All taxation relates to continuing operations.

GENTING CASINOS UK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

**8. TAX CHARGE (CONTINUED)**

The tax assessed for the year is lower (2016: lower) than the standard rate of UK corporation tax of 19.25% (2016: 20%). The differences are explained as follows:

	2017 £m	2016 £m
Profit / (loss) before tax	(15.4)	42.6
Expected tax at 19.25% (2016: 20.00%)	(2.9)	8.5
Adjustments in respect of prior years	(1.1)	0.5
Other expenses not deductible for tax purposes	2.4	0.8
Re-measurement of deferred tax - Change in tax rate	-	(2.9)
Non taxable Dividends	(13.0)	-
Write off of investments	17.9	-
Transfer pricing adjustment	(0.7)	(1.2)
<b>Total tax charge/(credit)</b>	<b>2.6</b>	<b>5.7</b>

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the Group's profits for this accounting period are taxed at an effective rate of 19.25%.

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 reach Royal Assent in September 2016. Therefore, the effect of this reduction is included in these financial statements.



GENTING CASINOS UK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

9. PROPERTY, PLANT AND EQUIPMENT

	Properties				Fixtures, fittings and equipment	Motor vehicles	Assets in the course of construction	Total
	Freehold properties	Long leasehold properties	Short leasehold properties	Leasehold improvements				
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Cost</b>								
At 1 January 2016	92.4	27.5	47.9	15.5	146.1	0.5	1.1	331.0
Additions	0.6	-	1.0	-	4.9	-	1.4	7.9
Disposals	-	-	(0.7)	-	-	(0.2)	-	(0.9)
Reallocation and write offs	-	(0.1)	-	-	(3.6)	-	(0.1)	(3.8)
<b>At 31 December 2016</b>	<b>93.0</b>	<b>27.4</b>	<b>48.2</b>	<b>15.5</b>	<b>147.4</b>	<b>0.3</b>	<b>2.4</b>	<b>334.2</b>
Acquisition (Note 12)	-	-	-	-	0.3	-	-	0.3
Additions	-	0.2	-	-	11.0	-	-	11.2
Disposals	-	-	-	-	-	-	-	-
Reallocation and write offs	-	-	-	-	-	-	(1.3)	(1.3)
<b>At 31 December 2017</b>	<b>93.0</b>	<b>27.6</b>	<b>48.2</b>	<b>15.5</b>	<b>158.7</b>	<b>0.3</b>	<b>1.1</b>	<b>344.4</b>
<b>Accumulated depreciation</b>								
At 1 January 2016	6.2	7.9	28.7	6.5	98.5	0.5	-	148.3
Charge for the year	0.5	0.7	1.7	0.6	15.4	-	-	18.9
Impairment charge/(write back)	(0.2)	(1.1)	0.2	1.4	-	-	-	0.3
Disposals	-	-	(0.4)	-	-	(0.2)	-	(0.6)
Reallocation and write off	-	(0.1)	-	-	(2.8)	-	-	(2.9)
<b>At 31 December 2016</b>	<b>6.5</b>	<b>7.4</b>	<b>30.2</b>	<b>8.5</b>	<b>111.1</b>	<b>0.3</b>	<b>-</b>	<b>164.0</b>
Charge for the year	0.6	0.6	1.7	0.6	13.2	-	-	16.7
Impairment charge/(write back)	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Reallocation and write off	-	-	-	-	-	-	-	-
<b>At 31 December 2017</b>	<b>7.1</b>	<b>8.0</b>	<b>31.9</b>	<b>9.1</b>	<b>124.3</b>	<b>0.3</b>	<b>0.0</b>	<b>180.7</b>
<b>Net book amount</b>								
<b>At 31 December 2017</b>	<b>85.9</b>	<b>19.6</b>	<b>16.3</b>	<b>6.4</b>	<b>34.4</b>	<b>-</b>	<b>1.1</b>	<b>163.7</b>
At 31 December 2016	86.5	20.0	18.0	7.0	36.3	-	2.4	170.2

The Company has elected to retain carrying values of freehold, long leasehold, and short leasehold properties as deemed cost at transition to IFRS at 3 May 2004.

Included within cost of sales is £Nil (2016: £0.9m) in respect of assets written off.

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**9A. IMPAIRMENT REVIEW**

Impairment review of property, plant and equipment

If the carrying value of the Group'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 £344.4m (2016: £334.2m). At the year end date, an impairment review was performed (as set out in Note 8A) and no charge has been made in respect of property, plant and equipment (2016: £0.3m charge).

**10. INTANGIBLE ASSETS**

	Online Gaming Software	Acquired gaming licences	Total
	£m	£m	£m
<b>Cost</b>			
At 1 January 2016 and 31 December 2016	-	255.3	255.3
Acquisition (Note 12)	4.8	-	4.8
<b>At 31 December 2017</b>	<b>4.8</b>	<b>255.3</b>	<b>260.1</b>
<b>Accumulated amortisation and impairment</b>			
At 1 January 2016	-	(33.3)	(33.3)
Impairment write back	-	13.0	13.0
At 31 December 2016	-	(20.3)	(20.3)
Charge	(1.1)	-	(1.1)
<b>At 31 December 2017</b>	<b>(1.1)</b>	<b>(20.3)</b>	<b>(21.4)</b>
<b>Net book amount</b>			
<b>At 31 December 2017</b>	<b>3.7</b>	<b>235.0</b>	<b>238.7</b>
At 31 December 2016	-	235.0	235.0

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.

£57.0m of the cost of gaming licenses is allocated the High End division and £198.3m to the Core division.

**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 Group classifies goodwill and gaming licences as indefinite life assets and tests these for impairment in September each year.

*i) Gaming licenses*

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 £nil write back (2016: credit £13.0m).

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 assets

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.

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The Value in use has been calculated using cash flow projections, which are based on a combination of historic financial information and financial projections for the following five years. Cash flows beyond the five-year period were extrapolated using an annual and long term growth rate of 2.00% (2016: 2.00%), including inflation. This growth rate is consistent with forecasts included in industry reports and external sources. The pre-tax discount rate applied to cash flow projections is 7.75% (2016: 10.0%).

The discounted cash flow projections are based on the Earnings before Interest, Tax & Depreciation 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 and have been based on historical trends adjusted for the effect of casino rebranding and an improved leisure offering, and 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, assuming 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. INVESTMENTS**

	Shares	Loans	Total
	£m	£m	£m
<b>Cost</b>			
At 1 January 2016 (Restated)	237.5	(229.3)	8.2
Disposal	(0.1)	0.1	-
At 31 December 2016 (Restated)	237.4	(229.2)	8.2
Write Off	(98.6)	90.4	(8.2)
<b>At 31 December 2017</b>	<b>138.8</b>	<b>(138.8)</b>	<b>-</b>
<b>Provision for impairment</b>			
At 1 January 2016, 31 December 2016	(5.7)	-	(5.7)
Reversal	5.7	-	5.7
<b>At 31 December 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book amount</b>			
<b>At 31 December 2017</b>	<b>138.8</b>	<b>(138.8)</b>	<b>-</b>
At 31 December 2016 (Restated)	231.7	(229.2)	2.5

During the year ended 27 April 2003 the company incorrectly accounted for a Group transfer of shares from Capital Casinos Group Limited, recording a £67.7m additional investment within the investments financial statement line item and corresponding inter-company movement, within the trade and other payables financial statement line item. This transaction however was not legally and contractually binding and has been retrospectively reversed within the 31 December 2017 financial statements, from the opening balance sheet date of 1 January 2016. This has therefore resulted in a decrease in the "Investment" balance of £67.7m and a corresponding decrease in the "Trade and other payables" balance of the same amount.

During the year ended 31 December 2017 the company carried out a programme to dispose of non-trading companies through a series of liquidations and strike offs. The £95.7m investment write off arising during the year is as a result of the steps taken to dissolve companies marked with an asterisk in the below table. Dividend income totalling £67.3m also arose as a result of this process.

**GENTING CASINOS UK LIMITED**  
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**11. INVESTMENTS (CONTINUED)**

The following trading subsidiaries and their voting rights were wholly owned either directly or indirectly by the Company at 31 December 2017:

	Activity	Country of Registration	Directly or indirectly owned	% equity interest	
				2017	2016
Genting Casinos Egypt Limited	Casino operator	Incorporated in England, operating in Egypt	Indirect	100	100
Annabel's Casino Limited *	Dormant	England	Direct	100	100
Baychain Limited *	Dormant	England	Indirect	100	100
C C Derby Limited *	Dormant	England	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
Cascades Casinos Limited *	Dissolved	England	Indirect	100	100
Cascades Clubs Limited *	Dormant	England	Indirect	100	100
Castle Casino Limited *	Dormant	England	Indirect	100	100
Cotedale Limited *	Dormant	England	Indirect	100	100
Cromwell Sporting Enterprises Limited *	Dormant	England	Indirect	100	100
Crockfords Club Limited *	Dormant	England	Indirect	100	100
Drawlink Limited *	Dormant	England	Indirect	100	100
Freeany Enterprises Limited	Credit assessment on behalf of fellow group companies	England	Indirect	100	100
Crockfords Investments Limited *	Dormant	Guernsey	Indirect	100	100
Gameover Limited *	Dormant	England	Indirect	100	100
Harbour House Casino Limited *	Dormant	England	Direct	100	100
International Sporting Club (London) Limited *	Dissolved	England	Indirect	100	100
MLG Investments Limited	Dormant	England	Indirect	100	100
Palm Beach Club Limited *	Dormant	England	Indirect	100	100
Tameview Properties Limited *	Dormant	England	Indirect	100	100
The Colony Club Limited *	Dormant	England	Indirect	100	100
The Midland Wheel Club Limited *	Dormant	England	Indirect	100	100
Tower Casino Group Limited *	Dormant	England	Indirect	100	100
Tower Clubs Management Limited *	Dormant	England	Indirect	100	100

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	Activity	Country of Registration	Directly or indirectly owned	2017	2016
Triangle Casino (Bristol) Limited *	Dormant	England	Indirect	100	100
Westcliff Casino Limited	Dormant	England	Indirect	100	100
Westcliff (CG) Limited *	Dormant	England	Indirect	100	100
William Crockford Limited *	Dissolved	England	Indirect	100	100
Worthchance Limited *	Dissolved	England	Indirect	100	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, Gategny Esplanade, St Peter Port, Guernsey GY1 3AP

The directors consider the value of investments to be supported by the value of their underlying assets. (\*) Companies marked with an asterisk are in the process of being liquidated or struck off as part of the exercise outlined in note 11.

## **12. ACQUISITIONS**

On 5 April 2017, the Company acquired the trade and assets of Genting Alderney Limited, a fellow subsidiary of Genting Berhad. Genting Alderney Limited controlled and operated the online gambling platform for the UK, and therefore consolidating this within the Company was considered necessary in order to drive operational synergies and improve customer offering.

The effective consideration for the purchase was £8.7m, paid through the waiver of an existing intercompany loan owed by Genting Alderney Limited to the Group. The fair value of the net assets acquired were equal to the effective consideration transferred, and therefore no goodwill was recognised.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value
	£m
Property, plant and equipment (note 9)	0.3
Intangible assets (note 10)	4.8
Trade and other receivables	0.3
Cash and cash equivalents	6.1
Trade and other payables	(2.8)
<b>Total net assets acquired</b>	<b>8.7</b>

With the exception of the online gaming platform, the fair value of the assets and liabilities were considered to be the same as their carrying value at the date of transfer at cost. The online gaming platform was revalued from £0.6m to £4.8m prior to acquisition, by reference to an external valuation.

## **13. INVESTMENT PROPERTY**

	Investment Property
	£m
<b>Cost</b>	
At 1 January 2016, 31 December 2016	-
Acquisitions (*)	11.5
<b>At 31 December 2017</b>	<b>11.5</b>
<b>Depreciation</b>	
At 1 January 2016, 31 December 2016 and 31 December 2017	-
<b>Net book amount</b>	
<b>At 31 December 2017</b>	<b>11.5</b>
At 31 December 2016	-

\* On 20 December 2017, the Company acquired an investment property located at 46 Hertford Street from Genting Solihull Limited, a fellow subsidiary of Genting UK Plc, for £11.5m. The transfer value was not materially different to the fair value of the property with reference to an external valuation.

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**14. INVENTORIES**

	2017	2016
	£m	£m
Consumables	0.6	0.6
Goods for resale	1.4	1.7
	<b>2.0</b>	<b>2.3</b>

There are no significant inventory provisions in either 2017 or 2016.

**15. TRADE AND OTHER RECEIVABLES**

	2017	2016
	£m	£m
Trade receivables	1.9	-
Amounts due from related parties	226.1	257.6
Other receivables	2.8	-
Prepayments and accrued income	9.8	12.9
	<b>240.6</b>	<b>270.5</b>

Unrecovered gaming debts are not recognised by the Company; £3.2m was provided for in the year net of amounts recovered, relating to gaming income generated during the year and prior periods. In 2016 £4.6m was recovered during the year net of amounts provided for, 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 no 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, have no fixed repayment date and do not bear interest.

**16. CASH AND CASH EQUIVALENTS**

	2017	2016
	£m	£m
Cash at bank and in hand	32.2	20.5
Short term bank deposits	25.8	17.4
	<b>56.0</b>	<b>37.9</b>

**17. TRADE AND OTHER PAYABLES**

	2017	2016
	£m	£m
Trade payables	22.2	16.1
Amounts owed to related parties	365.2	367.5
Taxation and social security	20.3	14.2
Accruals and deferred income	25.2	23.4
	<b>432.9</b>	<b>421.2</b>

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Amounts due to Group undertakings are unsecured, interest free and have no fixed date of repayment.

Further to note 11, during the year ended 27 April 2003 the company incorrectly accounted for a Group transfer of shares from Capital Casinos Group Limited, recording a £67.7m additional investment within the investments financial statement line item and corresponding inter-company movement, within the trade and other payables financial statement line item. The intercompany movement falls within Amounts owed to related parties in the above table.

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**18. FINANCIAL INSTRUMENTS**

The following analysis sets out a comparison by category of carrying amounts and fair values of all the Company's financial instruments:

	2017		2016	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
<b>Assets as per balance sheet</b>				
Trade and other receivables excluding prepayments	230.8	230.8	257.6	257.6
Cash and cash equivalents	56.0	56.0	37.9	37.9
<b>Total</b>	<b>286.8</b>	<b>286.8</b>	<b>295.5</b>	<b>295.5</b>

	2017		2016	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
<b>Liabilities as per balance sheet</b>				
Trade and other payables excluding non-financial liabilities	412.6	412.6	407.0	407.0
<b>Total</b>	<b>412.6</b>	<b>412.6</b>	<b>407.0</b>	<b>407.0</b>

The fair values of cash and cash equivalents approximate to the book value due to their short term maturity.

Trade and other receivables and cash and cash equivalents are classed as loans and receivables and total £2886.8m (2016: £295.5m).

Trade and other payables excluding non-financial liabilities are classified as other financial liabilities and total £412.6m (2016: £407.0m).

All trade receivables in 2017 and 2016 are in pounds sterling and are past due but not impaired because all monies have been received subsequent to the year end.

All financial liabilities are expected to mature within 12 months of the year end.

**Credit risk**

Set out below is the carrying amount, by credit rating, of the Company's cash and cash equivalents:

	2017 £m	2016 £m
Baa	31.4	-
Ba	-	21.5
Cash floats	24.6	16.4
Cash and cash equivalents	56.0	37.9

The directors do not expect any losses from non-performance by the Company's banking facilities.

Amounts due from related parties are not considered a significant credit risk by the directors. The Company has received a letter of support from Genting Berhad in respect of these balances.

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**19. 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**

The pension cost was £1.8m in the year (2016: £1.7m), representing contributions payable by the Company to the scheme.

**Defined benefit scheme**

The Genting Stanley 1988 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 latest membership information, recorded as at 30 April 2017, reported a total of 237 members in the scheme, of which 131 were deferred, and 106 pensioners.

The last full actuarial valuation was carried out by a qualified independent actuary as at 30 April 2015 and the results have been updated to 31 December 2017 by a qualified actuary, independent of the scheme's sponsoring employer.

As the scheme is closed to new entrants, the current service cost as a percentage of pensionable payroll is likely to increase as the membership ages, although it will be applied to a decreasing pensionable payroll. The pension cost charge reflected in the Company's income statement for the year in respect of the defined benefit scheme was £nil (2016: £nil).

All actuarial gains and losses in the year are recognised immediately in the statement of comprehensive income of Genting UK plc financial statements (the Company's parent undertaking). Contributions to the scheme are agreed by Genting UK plc with the Trustees of the scheme as part of the process for determining the funding for the scheme.

	2017	2016
	%	%
<b>The major categories of assets as a percentage of total plan assets are as follows:</b>		
Equities and diversified growth funds	57	57
Bonds	43	40
Cash	0	3
<b>Total</b>	<b>100</b>	<b>100</b>

	2017	2016
	%	%
<b>The principal assumptions made by the actuaries were:</b>		
Inflation	2.20	2.40
Discount rate	2.45	2.65
Pensions in payment increase if CPI is 5.0% or less	2.20	2.40
Pensions in payment increase if CPI is 2.5% or less	1.70	1.80
Revaluation rate for deferred pensioners	2.20	2.40
Expected return on plan assets	2.45	2.65

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:

	2017	2016
Male currently age 65	21.5 years	21.8 years
Female currently age 65	23.4 years	23.9 years
Male currently age 45	22.6 years	23.6 years
Female currently age 45	24.6 years	25.8 years



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**20. DEFERRED TAX LIABILITIES**

An analysis of the deferred tax provision is as follows:

	2017	2016
	£m	£m
<b>Deferred tax liabilities</b>		
Gaming properties and licences	48.0	47.5
<b>Deferred tax assets</b>		
Capital allowances less than depreciation	(1.5)	(1.1)
<b>Net deferred tax liability</b>	<b>46.5</b>	<b>46.4</b>

The movement on the deferred tax account is shown below:

	2017	2016
	£m	£m
Net liability at 1 January	46.4	44.3
(Credit)/charge to income statement - continuing operations		
- gaming properties and licences	0.5	(1.3)
- tax losses carried forward	-	3.6
- capital allowances less than depreciation	(0.4)	(0.2)
<b>Net liability at 31 December</b>	<b>46.5</b>	<b>46.4</b>

All deferred assets and liabilities are expected to be recovered or settled more than 12 months after the period 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 £0.7m (2016: £0.8m) 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.

**21. PROVISIONS FOR LIABILITIES**

	2017	2016
	£m	£m
Liability at 1 January	4.8	4.9
Charge to income statement	0.1	0.6
Unwinding of discount	(0.1)	0.1
Payments charged against provision	(0.9)	(0.8)
<b>Liability at 31 December</b>	<b>3.9</b>	<b>4.8</b>
Current	0.6	0.8
Non-current	3.3	4.0

The provision for onerous leases primarily relates to properties which are no longer used for trading. The provision is net of estimated rental income from subletting the properties. The leases expire at dates ranging over many years. The costs have been discounted at a rate of 2.5% (2016: 1.75%).

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**22. SHARE CAPITAL**

	2017 £m	2016 £m
<b>Allotted and called up share capital</b>		
16,550,000 (2016: 16,550,000) Ordinary shares of £1 each	16.6	16.6

The authorised share capital of the Company is £16,550,000 (2016: £16,550,000) divided into ordinary shares of £1 each.

**23. COMMITMENTS**

Capital expenditure contracted for but not provided in the financial statements at 31 December 2017 amounted to £1.5m (2016: £0.1m).

**24. OPERATING LEASE COMMITMENTS**

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

*Lease terms*

Casino land and buildings leases are typically between 25 and 35 years, however leases range from 10 to 55 years. Other leases are typically 3 years.

*Terms of renewal*

The agreements are not terminated automatically after expiry of the lease term. In certain cases lease extension options have been agreed upon, whilst in other cases there will be an opportunity to negotiate lease extensions with the lessor.

*Restrictions*

There are no restrictions imposed upon the Company concerning dividends, additional debt or further leasing under any of the existing lease arrangements.

*Sublease*

The Company does sublease areas of leased properties and receives sublease payments from third parties.

	2017 Land and buildings £m	2017 Plant and machinery £m	2016 Land and buildings £m	2016 Plant and machinery £m
<b>Future minimum rentals payable under non-cancellable leases :</b>				
Within one year	17.8	3.1	17.1	2.7
After one year but not more than five years	36.9	1.8	45.9	1.5
More than five years	42.1	-	45.8	-
<b>Total</b>	<b>96.8</b>	<b>4.9</b>	<b>108.8</b>	<b>4.2</b>

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**25. CASH FLOWS FROM OPERATING ACTIVITIES**

	2017 £m	2016 £m
Operating profit/(loss) - before exceptional items	15.4	34.2
Exceptional items:		
Termination and redundancy costs	(0.5)	(3.8)
Reversal of impairment of intangible assets	-	13.0
Impairment of property, plant and equipment	-	(0.3)
Write off of investment and balances owed to group undertakings	(95.7)	-
Waiver of loans from related parties	(2.0)	-
Onerous lease provision	0.1	(0.6)
<b>Operating profit</b>	<b>(82.7)</b>	<b>42.5</b>
Reversal of impairment of intangible assets	-	(13.0)
Impairment of property, plant and equipment	-	0.3
Income from shares in Group Undertaking	67.3	-
Onerous lease provision	(0.1)	0.6
Onerous lease payments	(0.9)	(0.8)
Write off of property, plant and equipment	-	0.9
Depreciation on property, plant and equipment	16.7	18.9
Amortisation of intangible assets	1.1	-
Change in working capital	-	-
- Inventories	0.3	0.3
- Trade and other receivables	53.1	0.1
- Trade and other payables	12.7	(21.6)
Tax (paid)/ received	(1.2)	0.9
<b>Net cash inflow from continuing operations</b>	<b>65.3</b>	<b>29.1</b>

**26. CASH FLOWS USED IN INVESTING ACTIVITIES**

	2017 £m	2016 £m
Purchase of property, plant and equipment	(10.4)	(8.0)
Purchase of Intangible Assets	(4.8)	-
Purchase of Investment Property	(11.5)	-
Proceeds from disposal of property, plant and equipment	-	0.3
Interest received	-	0.1
Investment write off	2.5	-
<b>Cash flows used in investing activities</b>	<b>(24.2)</b>	<b>(7.6)</b>

**27. CASH FLOWS FROM FINANCING ACTIVITIES**

	2017 £m	2016 £m
Proceeds from borrowings	32.5	17.8
Repayment of borrowings	(55.5)	(42.8)
<b>Cash flows from financing activities</b>	<b>(23.0)</b>	<b>(25.0)</b>

**GENTING CASINOS UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

The above cash flows from financing activities relate to amounts borrowed / repaid under facilities agreed with Genting UK Plc but transacted through the bank accounts of Genting Casinos UK Limited.

**27. RELATED PARTY TRANSACTIONS**

The Company has a related party relationship with its parent company, its subsidiaries (see note 11), fellow subsidiaries of Genting Berhad and with its directors.

During the year the Company paid £Nil (2016: £14,000) to a director for professional services.

Transactions between Group undertakings occur in the normal day to day trading of the business and are not subject to interest and have no fixed date of repayment.

	Amounts owed by parent company	Amounts owed to subsidiaries	Amounts owed by subsidiaries	Amounts owed to other Genting Berhard subsidiaries within the UK	Amounts owed by other Genting Berhard subsidiaries within the UK	Amounts owed to other Genting Berhard subsidiaries outside the UK	Amounts owed by other Genting Berhard subsidiaries outside the UK
	£m	£m	£m	£m	£m	£m	£m
<b>At 1 January 2016</b>	5.4	(12.8)	8.4	(382.3)	213.3	-	8.2
Waiver of loan	-	-	-	-	-	-	-
Purchase of gaming license	-	-	-	-	-	-	-
Amounts repaid/(borrowed)	-	(0.2)	-	27.6	-	0.3	-
Amounts lent/(repaid)	-	-	5.1	-	14.4	-	0.9
Income from recharges	-	-	0.1	0.8	-	-	1.8
Expenses from recharges	-	-	-	(0.6)	-	(0.3)	-
<b>At 31 December 2016</b>	5.4	(13.0)	13.6	(354.5)	227.7	-	10.9
Waiver of loan	-	(17.5)	(8.4)	-	-	-	1.0
Amounts repaid/(borrowed)	-	-	-	18.8	-	-	-
Amounts lent/(repaid)	-	-	(1.9)	-	(13.9)	-	(8.3)
Income from recharges	-	-	0.9	0.8	-	-	-
Expenses from recharges	-	-	-	(0.6)	-	-	-
<b>At 31 December 2017</b>	5.4	(30.5)	4.2	(335.5)	213.8	-	3.6

**28. 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.

Genting Berhad is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2017. 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 2017. 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.