

GENTING CASINOS UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
COMPANY REGISTRATION NUMBER: 01519689

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GENTING CASINOS UK LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2018

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GENTING CASINOS UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report and the audited financial statements of the Company for the year ended 31 December 2018.

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 38 casinos, 5 of which comprise the High End division in London, 32 casinos throughout the UK, comprising the Core division and 1 casino at Resorts World Birmingham (RWB). The company also owns and operates an online gaming business.

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 increasing pressure during the course of 2018 due to a rise in regulatory and political pressure, slow economic growth, and weakened consumer confidence in the face of Brexit. The UK business has remained resilient against this challenging backdrop 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 (2017: £nil) (see notes 9A and 10A).

Results and Dividends

The trading for the year has resulted in a profit of £7.7m (2017: loss £18.0m) after an exceptional loss of £2.7m (2017: £30.7m). The profit for the year has resulted in an increase in the Company's net assets from £230.6m at 31 December 2017 to £238.3m at 31 December 2018.

The net exceptional charge before tax of £2.7m (2017: £30.8m) during the year primarily related to termination and redundancy costs of £2.2m (2017: £0.5m), and the waiver of loans from related parties of £0.5m (2017: £2.0m). The net exceptional charge in 2017 included an investment write off and balances owed to Group undertakings of £95.7m, offset by from income from shares in Group undertakings of £67.3m, an onerous lease credit of £0.1m, and a tax credit of £0.1m.

The directors do not recommend payment of a dividend (2017: £nil).

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. The business will also look to take advantage of expansion opportunities in regulated markets both in and outside of the UK, including the expansion of the online business into Malta.

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 2018

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 7% to 3,815,000 (2017: 4,113,000). Average spend per customer in the year decreased by 1% to £71.60 (2017: £72.17).

Financial Risk Management

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

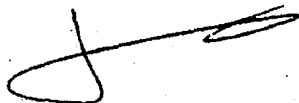
Treasury Policy

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 2019

GENTING CASINOS UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2018

Future Developments

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

Directors

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

Peter Malcolm Brooks

Paul Stewart Willcock

James Axelby

Corporate Social Responsibility

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

Genting Casinos UK Limited actively promotes and supports responsible gaming. In advocating responsible gaming in our casinos, we continue to disseminate information on responsible gaming through printed and online channels.

As a responsible member of the casino gaming industry, we are resolutely committed to the development of awareness, prevention and counselling programmes for problem and underage gambling, both on our premises and in the wider community in which we operate.

Genting Casinos UK Limited is an active contributor to the Responsible Gambling Trust, which funds research and education into problem gambling in the UK. In addition, the Company supports the work of Gamcare, a registered charity, and publicises the services they offer to individuals with gambling problems. The Company expects to make a donation to the Responsible Gambling Trust of 0.1% of Gross Gaming Revenue ('GGR') in 2018, which is consistent with previous years.

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. An Employee Forum continues to improve further communication with employees.

The Company endorses the principles of equal employment opportunities in the selection, career development and promotion of employees, regardless of gender, orientation, ethnic origin, religion and whether disabled or otherwise. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Going Concern

Notwithstanding the fact that the Company has net current liabilities amounting to £126.7m (2017: £133.5m), the directors have prepared the financial statements on the going concern basis. The directors have received a letter of support from Genting Berhad confirming ongoing financial support for at least 12 months from the approval of these financial statements.

Directors' 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.

GENTING CASINOS UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

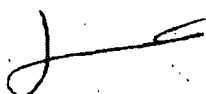
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Directors' confirmations

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.

On behalf of the board



James Axelby
Director
28 February 2019

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

Report on the audit of the financial statements

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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the income statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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.

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. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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

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 2018 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.

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. 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.

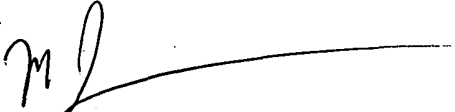
Other required reporting

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
28 February 2019

GENTING CASINOS UK LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018			2017		
		Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
		£m	£m	£m	£m	£m	£m
Revenue	1,2	267.3	-	267.3	287.1	-	287.1
Cost of sales	3	(253.2)	(2.7)	(255.9)	(269.9)	(98.1)	(368.0)
Gross profit/(loss)		14.1	(2.7)	11.4	17.2	(98.1)	(80.9)
Administrative expenses		(3.8)	-	(3.8)	(5.1)	-	(5.1)
Other operating income	4	3.0	-	3.0	3.3	-	3.3
Operating profit/(loss)	5	13.3	(2.7)	10.6	15.4	(98.1)	(82.7)
Income from shares in Group Undertakings	3	-	-	-	-	67.3	67.3
Profit/(loss) before taxation	5	13.3	(2.7)	10.6	15.4	(30.8)	(15.4)
Tax charge	7	(2.9)	-	(2.9)	(2.7)	0.1	(2.6)
Profit/(loss) for the financial year		10.4	(2.7)	7.7	12.7	(30.7)	(18.0)

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 10 to 30 form part of these financial statements.

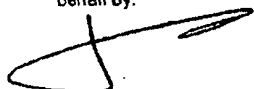
GENTING CASINOS UK LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2018

	Note	2018 £m	2017 £m
ASSETS			
Non-current assets			
Property, plant and equipment	8	165.2	163.7
Intangible assets	9	237.3	238.7
Investments	10	-	-
Investment property	11	11.4	11.5
Total non-current assets		413.9	413.9
Current assets			
Inventories	12	2.0	2.0
Trade and other receivables	13	241.0	240.6
Cash and cash equivalents	14	31.4	56.0
Current tax		-	1.4
Total current assets		274.4	300.0
Total assets		688.3	713.9
LIABILITIES			
Current liabilities			
Trade and other payables	15	(400.1)	(432.9)
Current tax		(0.5)	-
Provisions for liabilities	18	(0.5)	(0.6)
Total current liabilities		(401.1)	(433.5)
Net current liabilities		(126.7)	(133.5)
Non-current liabilities			
Deferred tax liabilities	17	(46.1)	(46.5)
Provisions for liabilities	18	(2.8)	(3.3)
Total non-current liabilities		(48.9)	(49.8)
Total liabilities		(450.0)	(483.3)
TOTAL NET ASSETS		238.3	230.6
CAPITAL AND RESERVES			
Share capital	19	16.6	16.6
Share premium account		148.5	148.5
Retained earnings		73.2	65.5
TOTAL SHAREHOLDER'S FUNDS		238.3	230.6

The notes on pages 10 to 30 form part of these financial statements.

The financial statements on pages 7 to 30 were approved by the Board of Directors on 28 February 2019 and signed on its behalf by:



James Axelby
Director

Genting Casinos UK Limited
Registered number: 01519689

GENTING CASINOS UK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Share premium account	Retained earnings	Total shareholder's funds
	£m	£m	£m	£m
At 1 January 2017	16.6	148.5	83.5	248.6
Loss for the year and total comprehensive expense	-	-	(18.0)	(18.0)
At 31 December 2017	16.6	148.5	65.5	230.6
Profit for the year and total comprehensive income	-	-	7.7	7.7
At 31 December 2018	16.6	148.5	73.2	238.3

All items above represent non owner changes in equity.

GENTING CASINOS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

General information

The principal activity of the Company is the operation of gaming casinos. Genting Casinos UK Limited is one of the largest casino operators in the United Kingdom with 38 casinos, 5 of which comprise the High End division in London, 32 casinos throughout the UK, comprising the Core division and 1 casino at Resorts World Birmingham (RWB). The company also owns and operates an online gaming business.

The Company is a 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.

Significant accounting policies

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

Basis of preparation

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

This is the first time that the Company has adopted FRS 101. Other than the adoption of the reduced disclosures there was no material effect of applying FRS 101 for the first time.

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

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

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

Per s390 of the Companies Act 2006, the directors are required to draw up financial statements within 7 days of the Company's accounting reference date. The Company's accounting reference date is 31 December. Consistent with the normal monthly reporting process, the actual date to which the balance sheet has been drawn up is 30 December 2018 (2017: 31 December 2017). For ease of reference in these financial statements all references to the results for the year are for the year to 31 December 2018 and the financial position at 31 December 2018.

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

The Company is a wholly owned subsidiary of Genting UK plc. It is included in the consolidated financial statements of Genting UK plc, which are publicly available. Therefore the Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is Genting Club, Star City, Watson Road, Birmingham, England, B7 5SA.

Going Concern

Notwithstanding the fact that the Company has net current liabilities amounting to £126.7m (2017: £133.5m), the directors have prepared the financial statements on the going concern basis as the Company has received confirmation from Genting Berhad of its intention to continue its financial support for a period of at least 12 months from the approval of these financial statements.

Exceptional Items

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

Revenue recognition

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

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

IFRS 15 is a new reporting standard for Revenue Recognition which became effective on 1 January 2018. The Group has undertaken a comprehensive review of all income streams as a result 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 IFRS 9- 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 IFRS 9, 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.

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

Property, plant and equipment

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

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

- Freehold and long leasehold properties are depreciated over 50 years on a straight line basis;
- Short leasehold properties with lease terms of 50 years or less are depreciated over the remaining period of the lease on a straight line basis;
- Leasehold improvements are depreciated over the shorter of the term of the associated lease or 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.

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

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.

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

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

a) Loans and receivables

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

b) Fair value through other comprehensive income

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

c) Fair value through profit and loss

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

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.

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

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.

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 2018

1. ACCOUNTING POLICIES (continued)

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 16.

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

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 2018

New and amended standards adopted by the Group:

IFRS 9, Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies however there have been no material adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 1 above. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated. The Group did not have any hedging relationships in place on transition to IFRS 9.

On 1 January 2018 (the date of initial application of IFRS 9), the group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate IFRS 9 categories. There has been no change in classification of financial assets under IFRS 9; all financial assets continue to be classified under the amortised cost model.

The group has two types of financial asset that are subject to IFRS 9's new expected credit loss model:

Trade receivables from the rental of property and outlet shops, restaurants and bars

Amounts due from related parties which are interest free and repayable on demand

The group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets and has adopted the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and amounts due from related parties. There has been no material adjustments to the amounts recognised in the financial statements as a result of applying this revised impairment model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

IFRS 15, Revenue from contracts with customers

IFRS 15 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 group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 (the date of initial application of IFRS 15) which resulted in changes in accounting policies however there have been no material adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 15, the group has adopted the modified retrospective approach and not restated comparatives for the 2017 financial year.

The Group has undertaken a comprehensive review of all income streams and there has been no material impact upon the financial statements. This assessment is driven by gaming revenue streams falling under IFRS 9 – 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 IFRS 15 on delivery to the end customer.

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

1A. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

Other standards

The following standards are effective from 1 January 2018 however they have not had a material impact on the financial statements:

- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
- Annual improvements 2014-2016 cycle
- Transfers of Investment Property – Amendments to IAS 40
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

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 14. 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 2018

1C. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Carrying value of property, plant and equipment and intangible assets

The Company monitors the carrying value 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 is determined as the higher of net selling price or value in use; the resultant loss or impairment write back (or reversal between the carrying value and the recoverable amount) is recorded as a charge or credit in the income statement. The recoverable amount 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. In order to calculate the present value of estimated future cash flows the Company uses a discount rate based on the estimated time value of money, together with any risk premium determined appropriate. Estimated future cash flows used in the impairment test are based on management's best view of likely future market conditions and current decisions on the use of each asset. These estimates may differ significantly from these estimates, due to the effect of changes in market conditions on subsequent decisions on the use of assets. These differences may have a material impact on the asset values, depreciation and amortisation charge reported in future periods.

Onerous Leases

The Company monitors property contracts. Provision has been made against those leases where the property is leased where the 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.

The Company monitors the recoverability of gaming debts arising from unpaid cheques. The directors take a prudent approach in making provision against all debts until the cash has been received.

2. REVENUE

All revenues are generated in the United Kingdom.

Analysis of revenue by category:

	2018	2017
	£m	£m
Gaming	248.1	266.2
Food and beverage	19.2	20.9
Total	267.3	287.1

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

3. EXCEPTIONAL ITEMS	2018	2017
	£m	£m
Termination and redundancy costs	(2.2)	(0.5)
Write off of investment and balances owed to group undertakings	-	(95.7)
Onerous lease provision	-	0.1
Waiver of loans from related parties	(0.5)	(2.0)
Income from shares in Group undertakings	-	67.3
Tax	-	0.1
TOTAL EXCEPTIONAL ITEMS	(2.7)	(30.7)

Details of exceptional items

Termination and redundancy costs relate to a headcount reduction programme conducted across the estate during the year.

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 19). The provision is reviewed annually resulting in a credit of £nil in the year (2017: £0.1m).

The waiver of loans from related parties during the year arose as a result of a liquidation and strike off process to remove dormant entities from the Group. The waiver of loans from related parties in the prior year include 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
- 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

The exceptional tax credit relates to the tax impact of the exceptional items detailed above of £nil credit (2017: £0.1m).

4. OTHER OPERATING INCOME	2018	2017
	£m	£m
Other income	3.0	3.3

5. PROFIT / (LOSS) BEFORE TAXATION	2018	2017
	£m	£m
Profit before tax is stated after charging/(crediting) the following:		
Employee benefits expense (note 6)	93.4	100.1
Inventories - cost of inventories recognised as an expense (included in cost of sales)	11.8	13.2
Gaming duty	52.5	61.2
Depreciation on property, plant and equipment	14.7	16.7
Loss on disposal of fixed assets	-	(0.1)
Amortisation of intangible assets	1.4	1.1
Operating lease rentals – land and buildings	17.0	17.4
Operating lease rentals – plant and machinery	1.9	1.8
Rents receivable	(0.6)	(0.6)

Depreciation includes £3.6m (2017: £3.5m) in respect of properties.

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

5. PROFIT / (LOSS) BEFORE TAXATION (continued)	2018	2017
	£m	£m
Fees payable to the Company's auditors:		
- Audit of the Company's financial statements	0.1	0.1
- Other non-audit services	0.1	0.3

Fees payable to the Company's auditors for the audit of the Company financial statements were £105,000 (2017: £105,000) and for non-audit fees were £66,000 (2017: £185,000).

6. EMPLOYEES AND DIRECTORS

The average monthly number of persons employed by the Company during the year was 3,726 (2017: 4,034), comprising 3,450 in operations (2017: 3,771) and 276 in management and administration (2017: 263).

	2018	2017
	£m	£m
Employee costs were as follows:		
Wages and salaries	84.4	90.9
Social security costs	6.9	7.4
Other pension costs (note 16)	2.1	1.8
	93.4	100.1
Directors remuneration was as follows:		
Wages and salaries	1.2	0.8
Social security costs	0.2	0.1
Other pension costs (note 16)	0.1	0.1
	1.5	1.0

The highest paid director was paid wages and salaries of £0.7m (2017: £0.5m). The highest paid director has £nil (2017: £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 (2017: none).

7. TAX ON PROFIT / (LOSS)	2018	2017
	£m	£m
Analysis of tax charge in year		
Current tax - UK corporation tax		
Charge in respect of current year	3.1	4.0
Adjustments in respect of prior years	0.2	(1.5)
Total current tax charge	3.3	2.5
Deferred tax		
Current year origination and reversal of timing differences	(0.4)	(0.3)
Adjustments in respect of prior years	-	0.4
Total deferred tax charge (note 17)	(0.4)	0.1
Total tax charge	2.9	2.6

All taxation relates to continuing operations.

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

7. TAX ON PROFIT / (LOSS) (CONTINUED)

The tax assessed for the year is higher (2017: lower) than the standard rate of UK corporation tax of 19.00% (2017: 19.25%). The differences are explained as follows:

	2018 £m	2017 £m
Profit / (loss) before tax	10.6	(15.4)
Expected tax at 19.00% (2017: 19.25%)	2.0	(2.9)
Adjustments in respect of prior years	0.2	(1.1)
Other expenses not deductible for tax purposes	1.3	2.4
Non taxable Dividends	-	(13.0)
Write off of investments	-	17.9
Transfer pricing adjustment	(0.6)	(0.7)
Total tax charge	2.9	2.6

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017 and accordingly the Group's profits for this accounting period are taxed at 19.00%.

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

8. PROPERTY, PLANT AND EQUIPMENT

	Properties							Total
	Freehold properties	Long leasehold properties	Short leasehold properties	Leasehold Improvements	Fixtures, fittings and equipment	Motor vehicles	Assets in the course of construction	
Cost	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2018	93.0	27.6	48.2	15.5	158.7	0.3	1.1	344.4
Additions	-	-	0.1	-	15.3	-	0.8	16.2
Disposals	-	-	-	-	(0.1)	-	-	(0.1)
At 31 December 2018	93.0	27.6	48.3	15.5	173.9	0.3	1.9	360.5
Accumulated depreciation								
At 1 January 2018	7.1	8.0	31.9	9.1	124.3	0.3	-	180.7
Charge for the year	0.6	0.7	1.8	0.5	11.1	-	-	14.7
Disposals	-	-	-	-	(0.1)	-	-	(0.1)
At 31 December 2018	7.7	8.7	33.7	9.6	135.3	0.3	-	195.3
Net book amount								
At 31 December 2018	85.3	18.9	14.6	5.9	38.6	-	1.9	165.2
At 31 December 2017	85.9	19.6	16.3	6.4	34.4	-	1.1	163.7

Included within cost of sales is £nil (2017: £nil) in respect of assets written off.

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The carrying value of land can be analysed as follows:

	2018	2017
	£m	£m
Freehold	69.0	69.0
Long leasehold	0.9	0.9
Total	69.9	69.9

Freehold property with a carrying value of £96.3m (2016: £88.0m) is pledged as security for group borrowings.

8A. 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 £360.4m (2017: £344.4m). At the year end date, an impairment review was performed (as set out in Note 9A) and no charge has been made in respect of property, plant and equipment (2017: £nil).

9. INTANGIBLE ASSETS

	Online Gaming Software	Acquired gaming licences	Total
	£m	£m	£m
Cost			
At 1 January 2018 and 31 December 2018	4.8	255.3	260.1
Accumulated amortisation and impairment			
At 1 January 2018	(1.1)	(20.3)	(21.4)
Charge	(1.4)	-	(1.4)
At 31 December 2018	(2.5)	(20.3)	(22.8)
Net book amount			
At 31 December 2018	2.3	235.0	237.3
At 31 December 2017	3.7	235.0	238.7

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

£115.7m of the cost of gaming licenses is allocated the High End division and £139.6m to the Core division.

Amortisation of intangible assets of £1.4m (2017: £1.1m) is included within cost of sales.

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

9A. 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 licences

The inherent value of casino licences is deemed to be an intrinsic part of the value of the operation of the casinos and is therefore considered as part of total casino assets in the impairment review. An impairment review was performed at the year end resulting in a £nil impairment (2017: £nil).

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

The value in use has been calculated using cash flow projections, with a 'base' cashflow for 2019 calculated using a combination of historic financial information (5 years) and financial projections for the following year. The base cashflow has then been extrapolated for a further 4 years using an annual and long term growth rate of 2.0% (2017: 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% (2017: 7.75%).

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

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

10. INVESTMENTS

	Shares	Loans	Total
	£m	£m	£m
Cost			
At 1 January 2018 and 31 December 2018	138.8	(138.8)	-
Provision for impairment			
At 1 January 2018 and 31 December 2018	-	-	-
Net book amount			
At 31 December 2018	138.8	(138.8)	-
At 31 December 2017	138.8	(138.8)	-

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

10. INVESTMENTS (CONTINUED)

The following trading subsidiaries and their voting rights were wholly owned either directly or indirectly by the Company at 31 December 2018:

	Activity	Country of Registration	Directly or indirectly owned	% equity interest	
				2018	2017
Genting Casinos Egypt Limited	Casino operator	Incorporated in England, operating in Egypt	Indirect	100	100
Capital Casinos Group Limited	Dormant	England	Indirect	100	100
Capital Corporation (Holdings) Limited	Dormant	England	Indirect	100	100
Capital Corporation Limited	Dormant	England	Direct	100	100
Crockfords Club Limited *	Dormant				
Cromwell Sporting Enterprises Limited *	Dormant	England	Indirect	100	100
Freeany Enterprises Limited	Administrative services on behalf of fellow group companies	England	Indirect	100	100
Genting Malta Limited	Online gaming	Malta	Direct	100	-
Genting Spain Plc	Online gaming	Malta	Direct	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
Cotedale Limited *	Dormant	England	Indirect	100	100
MLG Investments Limited	Dormant	England	Indirect	100	100
The Colony Club Limited *	Dormant	England	Indirect	100	100
Tower Casino Group Limited *	Dormant	England	Indirect	100	100
Westcliff Casino Limited	Dormant	England	Indirect	100	100
Westcliff (CG) Limited *	Dormant	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, Glatigny Esplanade, St Peter Port, Guernsey GY1 3AP

- Genting Malta Limited and Genting Spain Plc – whose registered office address is Level G (Office 1/1120), Quantum House 75, Abate Rigord Street, Ta'Xbiex, XBX 1120, Malta

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

During the years ended 31 December 2017 and 2018 the Group carried out a programme to dispose of non-trading companies through a series of liquidations and strike offs. Companies marked with an asterisk (*), have been dissolved, or are in the process of being dissolved as part of this exercise.

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

11. INVESTMENT PROPERTY

	Investment Property
	£m
Cost	
At 1 January and 31 December 2018	11.5
Accumulated Depreciation	
At 1 January 2018	-
Charge	0.1
At 31 December 2018	0.1
Net book amount	
At 31 December 2018	11.4
At 31 December 2017	11.5

The carrying value that would have been recognised if investment property had been carried under the historical cost model is £11.5m (2017: £11.5m).

12. INVENTORIES

	2018	2017
	£m	£m
Consumables	0.6	0.6
Goods for resale	1.4	1.4
	2.0	2.0

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

There are no significant inventory provisions in either 2018 or 2017.

13. TRADE AND OTHER RECEIVABLES

	2018	2017
	£m	£m
Trade receivables	1.3	1.9
Amounts due from related parties	224.4	226.1
Other receivables	4.8	2.8
Prepayments and accrued income	10.5	9.8
	241.0	240.6

Unrecovered gaming debts are not recognised by the Company; a net recovery of £1.4m was recognised in the year relating to gaming income generated during the year and recovery of prior periods. In 2017 £3.2m was provided for during the year net of amounts recovered, relating to gaming income generated during the year and prior periods.

14. CASH AND CASH EQUIVALENTS

	2018	2017
	£m	£m
Cash at bank and in hand	31.0	30.2
Short term bank deposits	0.4	25.8
	31.4	56.0

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

15. TRADE AND OTHER PAYABLES

	2018	2017
	£m	£m
Trade payables	20.9	22.2
Amounts owed to related parties	343.2	365.2
Taxation and social security	15.3	20.3
Accruals and deferred income	20.7	25.2
	400.1	432.9

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

16. 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 cost of this scheme was £2.1m for the year ended 31 December 2018 (2017: £1.8m). There are no amounts outstanding in respect of defined contribution schemes at 31 December 2018.

Defined benefit scheme

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

The last full actuarial valuation was carried out by a qualified independent actuary as at 30 April 2015 and the results have been updated to 31 December 2018 by a qualified actuary, independent of the scheme's sponsoring employer.

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

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

	2018	2017
	%	%
The major categories of assets as a percentage of total plan assets are as follows:		
Equities and diversified growth funds	55	57
Bonds	45	43
Cash	-	-
Total	100	100
	2018	2017
	%	%

The principal assumptions made by the actuaries were:

Inflation	2.30	2.20
Discount rate	2.75	2.45
Pensions in payment increase if CPI is 5.0% or less	2.30	2.20
Pensions in payment increase if CPI is 2.5% or less	1.80	1.70
Revaluation rate for deferred pensioners	2.30	2.20
Expected return on plan assets	2.75	2.45

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

16. PENSION COMMITMENTS (CONTINUED)

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

The mortality assumptions adopted imply the following life expectancies:

	2018	2017
Male currently age 65	21.4 years	21.5 years
Female currently age 65	23.3 years	23.4 years
Male currently age 45	22.5 years	22.6 years
Female currently age 45	24.5 years	24.6 years

17. DEFERRED TAX LIABILITIES

An analysis of the deferred tax provision is as follows:

	2018 £m	2017 £m
Deferred tax liabilities		
Gaming properties and licences	47.6	48.0
Deferred tax assets		
Capital allowances less than depreciation	(1.5)	(1.5)
Net deferred tax liability	46.1	46.5

The movement on the deferred tax account is shown below:

	2018 £m	2017 £m
Net liability at 1 January	46.5	46.4
(Credit)/charge to income statement - continuing operations		
- gaming properties and licences	(0.4)	0.5
- tax losses carried forward	-	-
- capital allowances less than depreciation	-	(0.4)
Net liability at 31 December	46.1	46.5

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 £nil (2017: £0.7m) 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.

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

18. PROVISIONS FOR LIABILITIES

	2018	2017
	£m	£m
Liability at 1 January	3.9	4.8
Charge to income statement	0.1	0.1
Unwinding of discount	(0.1)	(0.1)
Payments charged against provision	(0.5)	(0.9)
Liability at 31 December	3.3	3.9
Current	0.5	0.6
Non-current	2.8	3.3

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 3.0% (2017: 2.5%).

18. SHARE CAPITAL

	2018	2017
	£m	£m
Allotted and called up share capital		
16,550,000 (2017: 16,550,000) Ordinary shares of £1 each	16.6	16.6

The authorised share capital of the Company is £16,550,000 (2017: £16,550,000) divided into ordinary shares of £1 each.

20. CONTINGENT LIABILITIES

The company has given a guarantee in respect of the bank borrowings of its intermediate parent undertaking which amounted to £120.0m at 31 December 2018 (2017: £142.0m). The guarantee is secured by a charge on the company's freehold property (see note 8).

21. COMMITMENTS

Capital expenditure contracted for but not provided in the financial statements at 31 December 2018 amounted to £5.5m (2017: £1.5m).

GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

22. 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.

	2018 Land and buildings £m	2018 Plant and machinery £m	2017 Land and buildings £m	2017 Plant and machinery £m
Future minimum rentals payable under non-cancellable leases :				
Within one year	16.6	2.1	17.8	3.1
After one year but not more than five years	23.3	2.5	36.9	1.8
More than five years	37.8	-	42.1	-
Total	77.7	4.6	96.8	4.9

23. RELATED PARTY TRANSACTIONS

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

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

	Amounts owed to other Genting Berhad subsidiaries outside the UK £m	Amounts owed by other Genting Berhad subsidiaries outside the UK £m
At 1 January 2018	-	3.6
Amounts repaid/(borrowed)	(0.1)	(3.3)
At 31 December 2018	(0.1)	0.3

**GENTING CASINOS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

24. 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 2018. 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.