GENTING CASINOS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

COMPANY REGISTRATION NUMBER: 01519689

Contents

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal Activities and Business Review

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

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

The UK casino and hospitality industries faced an unprecedented crisis in 2020 and were among those most heavily impacted by the global COVID-19 pandemic. Land-based operations for Genting Casinos UK Limited were forced to close temporarily in March 2020 as the UK entered a national lockdown. The immediate focus during this time was to preserve cash and utilise UK Government support.

The national lockdown in March 2020, which resulted in a 5 month closure for the whole UK casino business, was followed by sustained periods of uncertainty, curfews and further regional closures. Despite these challenges, performance after reopening was well ahead of expectations, highlighting strong demand from a loyal customer base and a resilient underlying business.

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

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

During the year management has reviewed the carrying values of gaming licences and property, plant and equipment, and accordingly an impairment charge of £19.6m has been recognised (2019: £3.3m impairment charge less a £3.4m write back) (see note 3).

Results and Dividends

The trading for the year has resulted in a loss after tax of £78.8m (2019: profit £14.5m) after an exceptional loss of £30.1m (2019: exceptional gain £3.5m) (see note 3). The loss for the year has resulted in a decrease in the Company's net assets from £252.8m at 31 December 2019 to £174.0m at 31 December 2020.

The UK casino business had a strong start to 2020, with revenue for the first two months outperforming budget and 10% up year on year. In London, where Genting UK operates five casinos including the prestigious Crockfords, player volumes were strong in the first quarter of 2020 as the market began to stabilise. Performance outside of London was equally as strong, with pleasing growth in both live and electronic revenues.

Post year end, a further National Lockdown was announced in January 2021 resulting in the closure of the UK casino business. These remained closed at the date of signing these financial statements but are expected to reopen once national lockdown restrictions are lifted.

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

Future Developments

The focus of the Company over the coming year will be on the management of costs and its cash position and recovery following the impact of COVID-19. The longer term focus will be on increasing market share in both the Core and London Premium/Mass markets, and improving business efficiency.

Key Performance Indicators

The directors consider the key performance indicators to be attendance and average spend per customer. Total number of casino attendances in the year decreased by 71.0% to 1,004,000 directly as a result of the impact of COVID-19. Average casino spend per customer in the year increased by 17.5% to £434.80 due to the strong demand from a loyal customer base whilst casinos were open.

Post Balance Sheet Events

Post year end, a further National Lockdown was announced in January 2021 resulting in the closure of the UK casino business. Following the latest UK Government announcements UK casinos are expected to open in May 2021.

The disposal of two of the Company's permanently closed casinos was completed post year end.

Stakeholder Engagement and Section 172(1) Statement

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

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

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

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

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

Stakeholder	Interests	How we engage
Employees The success of the Company is dependent on the output of employees. It is therefore important the Company has in place the best possible environment for its employees to perform.	• Good working environment • Development opportunities Inclusion and opportunity to make a difference.	The Company engages with its employees in a variety of ways including a whistleblowing policy. Further information can be found in the directors' report on page 5-7.
Customers The nature of the Company's operations is focussed on supplying services to customers. The success of the Company would therefore not be possible without an understanding of the customer base and tailoring the services provided to their interests.	• Responsible practices • Premier locations • Quality service • Good facilities	The Company regularly engages its customers on a day to day basis through informal oral feedback, customer satisfaction surveys and market research. The Company received a level 3 safer gambling standard accreditation from Gamcare in the prior year which is reflective of the safer gambling measures in place at the Company for the benefit of its customers.
Suppliers The Company is dependent on its supplier to provide timely delivery of goods and services in order to maximise the quality of services it provides to its customers.	• Strong business relationships • Open and fair business terms • Prompt payment	Supplier relationships are managed by a named individual within the applicable Company department who acts as a point of contact for the supplier. The Company has a dedicated legal team who advise the Company on contracts of substance with emphasis on achieving a fair and balanced business relationship. There is also a streamlined payment process in place to ensure payments are made on time and this is reflected in payment practice reports submitted by the Company.
Regulators As a responsible gambling operator, we are committed to engaging constructively with our regulators ensure that the services we offer are both compliant and in keeping with the spirit of regulation.	• Compliance • Operational transparency • Pro-active involvement	We communicate with our regulators on an ongoing basis and attend workshops and other events hosted by either the regulators or other industry stakeholders.
Local Communities The Company recognises that its operations may have an impact the local community, and holds the view that it is important for each premises to integrate into the local community and ensure that any impact is as positive as possible.	• Fundraising • Involvement	At each gambling premises, the Company has in place a local area risk assessment and regularly conducts charity work in support of CHIPS Charity. Further information on the Company's approach to corporate social responsibility can be found in the directors' report on page 5.

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

Stakeholder	Interests	How we engage
Shareholders Ultimately all actions taken by the Company are for the benefit of the shareholders a whole. As a privately owned company, good shareholder relations is an essential ingredient of long-term success.	• Increase in value • Maintenance of Company reputation	The Company is privately owned so there is often both formal and informal communications between the Company and its direct / indirect shareholders. The Company also call shareholder meetings or circulate shareholder written resolutions where a shareholder decision is required in accordance with the Companies Act 2006.

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

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

Principal Decision	Examples of Stakeholder Consideration
Closure/Disposal of Casinos	• **Shareholders** – the closure and disposal of certain underperforming casinos will increase the value of the Group which is ultimately for the shareholder's benefit. • **Employees** – the Group's decision to close certain locations had an impact on both current and prospective employees. All impacted employees were consulted through the Group's redundancy process.
Headcount Reductions	• **Employees** – due to the impact of COVID-19 on the Group's land based operations it was necessary to carry out headcount reductions in line with reduced demand and due to the need to save costs. All impacted employees were consulted through the Group's redundancy process. • **Shareholders** – the Group's decision to reduce headcount was taken in the long-term interest of the Group's ability to continue to trade profitably in the future. • **Regulators** – employee's Union was included as part of the consultation process to ensure a fair outcome was achieved.
Use of Coronavirus Job Retention Scheme ("CJRS") Government Funding	• **Employees** – the Group's use of CJRS funding helped to safeguard viable jobs. • **Shareholders** – the Group's decision to utilise CJRS Funding was taken in the long-term interest of the Group's ability to continue to trade profitably in the future.

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 COVID-19, 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 services.

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

Financial Risk Management

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

Treasury Policy

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

Environment

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

On behalf of the Board

James Axelby

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James Axelby
Director
22 April 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2020.

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 (2019: £nil).

Post Balance Sheet Events

Post year end, a further National Lockdown was announced in January 2021 resulting in the closure of the UK casino business. Following the latest UK Government announcements UK casinos are expected to open in May 2021.

The disposal of two of the Company's permanently closed casinos was completed post year end.

Directors

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

Paul Stewart Willcock
James Axelby
Peter Malcolm Brooks (Resigned on 10 March 2020)

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 2021, which is consistent with previous years.

Health and Safety

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

Engagement with Employees

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

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

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

Engagement with Other Stakeholders

The company has included its statement on engagement with other stakeholders and how the directors have regard for their duties within the Strategic Report (see pages 1-4).

Corporate Governance

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

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

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

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

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

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

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

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

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

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

Going Concern

Notwithstanding the fact that the Company has net current liabilities amounting to £178.4m (2019: £131.5m), the directors have prepared the financial statements on the going concern basis as the Company has received confirmation from Genting Malaysia Berhad of its intention to continue its financial support for a period of at least 12 months from approval of these financial statements.

Directors' Indemnity Insurance

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

Exceptional Items

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

General Information

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

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

Financial Risk Management

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

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, 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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;
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

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

On behalf of the board

James Axelby

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James Axelby
Director
22 April 2021

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 2020 and of its loss 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, which comprise: the Balance Sheet as at 31 December 2020; 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

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- we obtained management's paper that supports the Board's assessment and conclusions with respect to the disclosures provided around going concern; including the letter of support received from their ultimate parent company pledging support for at least the 12 month period from the date of these financial statements;
- we assessed the ability of the ultimate parent company's ability to provide the support by reviewing the latest results and position and inquiries with their respective auditors.
- for completeness we discussed with management the assumptions applied in future cash flow forecasts as part of our impairment review so we could understand and challenge the rationale for those assumptions, using our knowledge of the business.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

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

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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2020 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to gambling related legislation, tax legislation, employment regulation and breaches of health and safety, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, and management bias in determining accounting estimates and judgements . Audit procedures performed included:

- discussions with management, the company's legal team and review of internal audit reports, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- challenging assumptions made by management in their significant accounting estimates, in particular in relation to impairment of intangible assets, property, plant and equipment and investments in subsidiaries;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- consideration of any changes to the control environment as a result of COVID-19.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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
23 April 2021

GENTING CASINOS UK LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

		2020				2019			
		Continuing Operations Before exceptional items	**Exceptional Items**	**Discontinued Operations**	**Total**	Continuing Operations Before exceptional items	Exceptional items	Discontinued Operations (as restated)	Total
	Note	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	2	**87.8**	**-**	**2.8**	**90.6**	244.1	-	20.3	264.4
Cost of sales		**(154.4)**	**(30.9)**	**(3.6)**	**(188.9)**	(225.5)	(3.1)	(22.7)	(251.3)
Gross profit		**(66.6)**	**(30.9)**	**(0.8)**	**(98.3)**	18.6	(3.1)	(2.4)	13.1
Administrative expenses		**(6.1)**	**-**	**-**	**(6.1)**	(4.7)	-	-	(4.7)
Other operating income	4	**27.7**	**0.8**	**-**	**28.5**	2.0	6.6	-	8.6
Operating (loss) / profit		**(45.0)**	**(30.1)**	**(0.8)**	**(75.9)**	15.9	3.5	(2.4)	17.0
Profit on disposal of operations		**-**	**-**	**-**	**-**	-	-	7.1	7.1
Finance Income		**-**	**-**	**-**	**-**	0.3	-	-	0.3
Finance costs		**(5.7)**	**-**	**-**	**(5.7)**	(5.8)	-	-	(5.8)
Net finance costs	7	**(5.7)**	**-**	**-**	**(5.7)**	(5.5)	-	-	(5.5)
(Loss) / Profit before taxation	5	**(50.7)**	**(30.1)**	**(0.8)**	**(81.6)**	10.4	3.5	4.7	18.6
Tax credit / (charge)	8	**2.8**	**-**	**-**	**2.8**	(4.1)	-	-	(4.1)
(Loss) / Profit for the financial year		**(47.9)**	**(30.1)**	**(0.8)**	**(78.8)**	6.3	3.5	4.7	14.5

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

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

The prior year income statement has been restated in order to disclose the results of discontinued casino operations as part of discontinued operations.

The notes on pages 14 to 35 form an integral part of these financial statements.

GENTING CASINOS UK LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020	2019
		£m	£m
ASSETS			
Fixed assets			
Property, plant and equipment	9	**149.7**	164.5
Intangible assets	10	**228.8**	238.4
Right-of-use assets	11	**112.7**	129.2
Investments	12	**21.8**	21.8
Trade and other receivables	14	**3.7**	5.6
Total non-current assets		**516.7**	559.5
Current assets			
Inventories	13	**1.7**	2.1
Trade and other receivables	14	**175.8**	176.1
Cash and cash equivalents	15	**48.9**	68.6
Current tax		**3.2**	-
Assets held for sale		**0.3**	-
Total current assets		**229.9**	246.8
Total assets		**746.6**	806.3
LIABILITIES			
Current liabilities			
Trade and other payables	16	**(391.6)**	(366.6)
Lease liabilities	11	**(16.7)**	(11.6)
Current tax		**-**	(0.1)
Total current liabilities		**(408.3)**	(378.3)
Net current liabilities		**(178.4)**	(131.5)
Non-current liabilities			
Lease liabilities	11	**(116.0)**	(127.2)
Deferred tax liabilities	18	**(48.3)**	(48.0)
Total non-current liabilities		**(164.3)**	(175.2)
Total liabilities		**(572.6)**	(553.5)
TOTAL NET ASSETS		**174.0**	252.8
CAPITAL AND RESERVES			
Called up share capital	19	**16.6**	16.6
Share premium account		**148.5**	148.5
Retained earnings		**8.9**	87.7
TOTAL SHAREHOLDERS' FUNDS		**174.0**	252.8

The notes on pages 14 to 35 form an integral part of these financial statements.

The financial statements on pages 11 to 35 were approved by the Board of Directors on 22 April 2021 and signed on its behalf by:

James Axelby

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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 2020

	Called up share capital	Share premium account	Retained earnings	Total shareholders' funds
	£m	£m	£m	£m
At 1 January 2019	16.6	148.5	73.2	238.3
Profit for the financial year and total comprehensive income	-	-	14.5	14.5
At 31 December 2019 / 1 January 2020	16.6	148.5	87.7	252.8
Loss for the financial year and total comprehensive expense	-	-	(78.8)	(78.8)
At 31 December 2020	**16.6**	**148.5**	**8.9**	**174.0**

All items above represent non-owner changes in equity.

The notes on pages 14 to 35 form an integral part of these financial statements.

1. ACCOUNTING POLICIES

General Information

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

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

Significant accounting policies

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

Basis of preparation

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

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

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

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

Per s390 of the Companies Act 2006, the directors are required to draw up financial statements within 7 days of the Company's accounting reference date. The Company's accounting reference date is 31 December. Consistent with the normal monthly reporting process, the actual date to which the balance sheet has been drawn up is 27 December 2020 (2019: 29 December 2019). For ease of reference in these financial statements all references to the results for the year are for the year to 31 December 2020 and the financial position at 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

Basis of Preparation (continued)

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

These financial statements are separate financial statements

Going Concern

Notwithstanding the fact that the Company has net current liabilities amounting to £178.4 (2019: £131.5m), the directors have prepared the financial statements on the going concern basis as the Company has received confirmation from Genting Malaysia Berhad of its intention to continue its financial support for a period of at least 12 months from approval of these financial statements and consequently the directors believe they have adequate resources to meet the company's financial obligations as they fall due for at least 12 months from the signing of the financial statements.

Exceptional items

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

Revenue recognition

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

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

Gaming

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

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

Food and beverage income

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

Other income

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

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Dividend income

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

1. ACCOUNTING POLICIES (CONTINUED)

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:

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

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period that they are incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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

Assets held for sale and discontinued operations

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable.

Assets designated as held for sale are held at the lower of carrying amount at designation and fair value less costs to sell. Depreciation is not charged against property, plant and equipment classified as held for sale.

Where assets held for sale relate to a separate line of business, or geographical area of operation, the results are disclosed separately as discontinued operations.

Revenue and cost of sales have been adjusted in both the current and prior year to remove the results of discontinued operations and disclose them as a single line item on the face of the consolidated income statement.

Intangible Assets

Other intangible assets — casino licences

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

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

1. ACCOUNTING POLICIES (CONTINUED)

Other intangible assets – online gaming software

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

Other intangible assets – online gaming software

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

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

Investment property

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

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

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

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

Investments

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

Financial assets

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

Loans and receivables

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

Fair value through other comprehensive income

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

Fair value through profit and loss

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

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Amortisation charges are included in administrative expenses in the income statement. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are independent cash flows (CGUs).

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

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

Inventories

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

Trade and other receivables

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

Cash and cash equivalents

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

Trade and other payables

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

Ordinary shares

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

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

Provisions

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

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

Current and deferred tax

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

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

1. ACCOUNTING POLICIES (CONTINUED)

Contingent liabilities and contingent assets

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

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

Leases

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

However, for all leases for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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

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

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

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

To determine the incremental borrowing rate, the Company:

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

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

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Where rent free periods have been granted, the Company has taken advantage of the practical expedient to recognise them as variable lease payments in profit and loss.

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

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

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

1. ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plan

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

Defined benefit scheme

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

The Company is unable to identify its share of the Fund's underlying assets and liabilities on a consistent and reasonable basis. There are no contractual or stated policies on which to base an allocation of the Fund's underlying assets and liabilities to member companies. The Company has therefore taken advantage of the exemptions allowed by paragraph 34 of IAS 19 to account for the scheme as a defined contribution plan. Details of the scheme are disclosed in note 17.

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 2020

New and amended standards adopted by the Company:

The following standards are effective from 1 January 2020 however they have not had a material impact on the financial statements:

- Definition of Material – Amendments to IAS1 and IAS18
- Definition of a Business – Amendments to IFRS3
- Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39
- Revised Conceptual Framework for Financial Reporting
- IFRS 17 Insurance Contracts
- Covid-19-related Rent Concessions – Amendments to IFRS 16
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

1B. FINANCIAL RISK MANAGEMENT

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

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

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

Exchange rate risk

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

Credit risk

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

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

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

Financial assets that are neither past due nor impaired

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

Financial assets that are past due and/or impaired

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

Liquidity risk

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

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

Capital risk management

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

1C. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

The Company carries out reviews of property, plant and equipment and for intangible assets on an annual basis to determine whether events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated as either the higher of net selling price or value in use; the resultant loss or impairment write back (the difference between the carrying value and the recoverable amount) is recorded as a charge or credit in the income statement. The value in use is calculated as the present value of the estimated future cash flows expected to result from the use of the assets and their eventual disposal proceeds. In order to calculate the present value of estimated future cash flows the Company uses a discount rate based on the estimated weighted average cost of capital, together with any risk premium determined appropriate. Estimated future cash flows used in the impairment calculations represent management's best view of likely future market conditions and current decisions on the use of each asset or asset group. Actual future cash flows may differ significantly from these estimates, due to the effect of changes in market conditions, the impact of COVID-19 on reopening times and customer behaviour or to subsequent decisions on the use of the assets. These differences may have a material impact on the asset values, impairment, depreciation and amortisation charge reported in future periods.

Recovery of gaming debts (note 14)

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

Defined benefit pension liabilities (note 17)

As disclosed in note 17, the Company has a commitment under a defined benefit pension scheme. Year-end recognition of the liabilities under this scheme and the valuation of assets held to fund these liabilities require a number of significant assumptions to be made, relating to key financial market indicators such as inflation and asset returns. These assumptions are made by the Company in conjunction with the scheme actuaries and the directors are of the view that any estimation should be prudent and in line with consensus opinion.

2. REVENUE

All revenues are generated in the United Kingdom.

Analysis of revenue by category:

	2020	2019
	£m	£m
Gaming	**85.6**	245.9
Food and beverage	**4.9**	18.4
Leasing of assets	**0.1**	0.1
Total	**90.6**	264.4

3. EXCEPTIONAL ITEMS	2020	2019
	£m	£m
Termination and redundancy costs	**(11.7)**	(1.7)
Profit/(loss) on disposal of property, plant and equipment (net of disposal costs)	**0.8**	(1.6)
Loss on disposal of investment properties (net of disposal costs)	**-**	(0.2)
Impairment of investment properties	**-**	(1.5)
Impairment of property, plant and equipment	**(5.0)**	(1.6)
Impairment of right of use assets	**(3.4)**	(1.7)
Impairment / (write back) of licences	**(9.6)**	3.4
Write off lease receivables	**(1.6)**	-
Lease surrender	**1.0**	-
Closure costs	**(0.6)**	-
Waiver of loans from related parties	**-**	8.4
TOTAL EXCEPTIONAL ITEMS	**(30.1)**	3.5

Details of exceptional items

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

The profit/(loss) on disposal of property, plant and equipment relates to the sale of a casino properties.

The loss on disposal of investment properties relates to the sale of the Company's investment properties in the prior year.

The impairment of investment properties relates to the write down of a property to its market value in the prior year.

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

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

The write off of lease receivables relate to amounts no longer recoverable on the Company's sub-let properties.

The lease surrender relates to the write down of lease liabilities to the amount payable under surrender payment arrangements.

Closure costs relate to safety equipment required to re-open casinos in line with COVID-19 regulations.

4. OTHER OPERATING INCOME	**2020**	2019
	£m	£m
Other income	**1.7**	8.6
CJRS grant income	**26.8**	-
Other operating income	**28.5**	8.6

5. OPERATING (LOSS) / PROFIT BEFORE TAXATION	**2020**	2019
	£m	£m
Operating (loss) / profit is stated after charging / (crediting) the following:		
Employee benefits expense (note 6)	**55.0**	90.8
CJRS grant income (note 4)	**(26.8)**	-
Inventories - cost of inventories recognised as an expense (included in cost of sales)	**3.6**	10.9
Gaming duty	**15.4**	51.4
Depreciation - owned property, plant and equipment	**15.9**	16.5
Depreciation on right-of-use assets	**13.6**	12.9
Loss on disposal of property, plant and equipment (net of disposal costs)	**0.8**	1.6
Amortisation of intangible assets	**-**	1.1
Waiver of loans from related parties	**-**	(8.4)
Impairment of property, plant and equipment	**5.0**	1.6
Impairment of right of use assets	**3.4**	1.7
Impairment of licenses	**9.6**	-
Impairment write back of licences	**-**	(3.4)
Write off of lease receivables	**1.6**	-
Short-term and low value lease rentals	**1.1**	3.0
Variable lease rentals	**(0.4)**	0.2
Rents receivable	**0.1**	-

Depreciation includes £4.3m (2019: £4.8m) in respect of properties.

During the year the company recognised CJRS grant income from the Government designed to mitigate the impact of COVID-19. Amounts receivable during the year are disclosed above. No Government grants were receivable or received during 2019.

	2020	2019
	£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

Non-audit fees paid to the Company's auditors in respect of services provided to the Company were £8,000 (2019: £104,000).

6. EMPLOYEES AND DIRECTORS

The average monthly number of persons employed by the Company during the year was 3,002 (2019: 3,561), comprising 2,741 in operations (2019: 3,268) and 261 in management and administration (2019: 293).

	Trading	Exceptional	2020	2019
	£m	£m	£m	£m
Employee costs were as follows:				
Wages and salaries	**62.7**	**11.0**	**73.7**	81.0
Job Retention Scheme Grant (note 4)	**(26.8)**	-	**(26.8)**	-
Social security costs	**5.5**	**0.7**	**6.2**	7.5
Other pension costs (note 17)	**1.9**	-	**1.9**	2.3
	43.3	**11.7**	**55.0**	90.8
Directors remuneration was as follows:				
Wages and salaries			**0.9**	1.3
Social security costs			**0.1**	0.2
Other pension costs (note 17)			**0.1**	0.1
			1.1	1.6

The highest paid director was paid wages and salaries of £0.4m (2019: £0.7m). The highest paid director has £nil (2019: £nil) accrued pension or lump sum and has no share options in the Company. No benefits are accruing to any directors under defined benefit schemes (2019: none).

7. NET FINANCE COSTS

	Note	2020 £m	2019 £m
Finance income:			
Lease receivables	14	**(0.3)**	(0.3)
Other finance income		**(0.4)**	-
Finance costs:			
Lease liabilities	11	**6.1**	5.8
Other finance costs		**0.3**	-
		5.7	5.5

8. TAX (CREDIT) / CHARGE	**2020**	2019
	£m	£m
Analysis of tax (credit) / charge in year		
Current tax - UK corporation tax		
(Credit) / charge in respect of current year	**(3.1)**	3.1
Adjustments in respect of prior years	**-**	(0.9)
Total current tax (credit)/charge	**(3.1)**	2.2
Deferred tax		
Current year origination and reversal of timing differences	**3.2**	2.2
Adjustments in respect of prior years	**(2.9)**	(0.3)
Total deferred tax (credit)/charge (note 18)	**0.3**	1.9
Total tax (credit)/charge	**(2.8)**	4.1

All taxation relates to continuing operations.

The tax assessed for the year is lower (2019: higher) than the standard rate of UK corporation tax of 19% (2019: 19%). The differences are explained as follows:

	2020	2019
	£m	£m
(Loss) / profit before tax	**(81.6)**	18.6
Expected tax at 19% (2019: 19%)	**(15.5)**	3.5
Adjustments to current tax charge in respect of prior years	**-**	(0.9)
Adjustments to deferred tax charge in respect of prior years	**(2.9)**	(0.3)
Profit on disposal of fixed assets	**0.2**	0.3
Other expenses not deductible for tax purposes	**1.3**	1.4
Deferred tax not recognised	**8.8**	-
Re-measurement of deferred tax – Change in corporation tax rate	**5.3**	0.1
Total tax (credit) / charge	**(2.8)**	4.1

The March 2020 Budget Statement announced the planned reduction in the UK Corporation tax rate to 17% from 1 April 2020 would not take place. Deferred taxes at the balance sheet date have been measured using the enacted tax rate of 19% and reflected in these financial statements.

The Spring Budget 2021 announced that the UK corporation tax rate will increase to 25% from 1 April 2023. The deferred tax assets and liabilities of the Company have been calculated at 19% as this rate has been substantively enacted at the Balance Sheet date. Had the 25% rate been substantively enacted on or before 31 December 2020 it would have had the effect of increasing the net deferred tax liability by £15.2m.

9. PROPERTY, PLANT AND EQUIPMENT

	Properties							
	Freehold properties	Long leasehold properties	Short leasehold properties	Leasehold Improvements	Fixtures, fittings and equipment	Motor vehicles	Assets in the course of construction	Total
Cost	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2020	**93.0**	**24.2**	**48.3**	**30.5**	**173.9**	**0.3**	**3.9**	**374.1**
Additions	-	-	-	1.3	7.3	-	(0.6)	8.0
Disposals	(5.5)	-	-	-	(1.3)	-	-	(6.8)
Transfers to assets held for sale	(1.4)	-	-	-	0.1	-	-	(1.3)
At 31 December 2020	**86.1**	**24.2**	**48.3**	**31.8**	**180.0**	**0.3**	**3.3**	**374.0**
Accumulated depreciation								
At 1 January 2020	**(8.9)**	**(9.2)**	**(37.1)**	**(16.2)**	**(137.9)**	**(0.3)**	-	**(209.6)**
Charge for the year	(0.5)	(0.7)	(1.4)	(1.7)	(11.6)	-	-	(15.9)
Impairment charge	(1.2)	(0.6)	(1.0)	(0.9)	(1.3)	-	-	(5.0)
Disposals	4.0	-	-	-	1.1	-	-	5.1
Transfers to assets held for sale	1.1	-	-	-	-	-	-	1.1
At 31 December 2020	**(5.5)**	**(10.5)**	**(39.5)**	**(18.8)**	**(149.7)**	**(0.3)**	-	**(224.3)**
Net book amount								
At 31 December 2020	**80.6**	**13.7**	**8.8**	**13.0**	**30.3**	-	**3.3**	**149.7**
At 31 December 2019	84.1	15.0	11.2	14.3	36.0	-	3.9	164.5

The carrying value of land can be analysed as follows:	**2020**	2019
	£m	£m
Freehold	**69.0**	69.0
Long leasehold	**0.7**	0.9
Total	**69.7**	69.9

Reallocations in the year amounting to £nil (2019: £13.5m) relate to assets which were allocated to the incorrect asset category. This reallocation has a nil impact on the prior year or current year net book value of tangible assets.

Freehold property with a carrying value of £85.6m (2019: £84.1m) is pledged as security for an intercompany guarantee (see note 20).

See note 21 for contractual commitments on capital expenditure.

9A. IMPAIRMENT REVIEW

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

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

The inherent value of casino properties, plant and equipment is deemed to be an intrinsic part of the value of the operation of the casinos and is therefore considered as part of total casino assets in the impairment review. The cost of property, plant and equipment is £374.0m (2019: £374.1m). Impairment reviews have been performed quarterly (as set out in Note 10A) and an impairment charge of £5.0m (2019: £3.3m) has been recognised for the year.

10. INTANGIBLE ASSETS

	Acquired gaming licences
	£m
Cost	
At 1 January 2020 and 31 December 2020	**255.3**
Accumulated amortisation and impairment	
At 1 January 2020	(16.9)
Impairment charge (note 10A)	(9.6)
At 31 December 2020	**(26.5)**
Net book amount	
At 31 December 2020	**228.8**
At 31 December 2019	238.4

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 £nil (2019: £1.1m) is included within cost of sales.

10A. IMPAIRMENT REVIEW

Impairment review of intangible assets with indefinite lives

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, in accordance with IAS 36 'Impairment of Assets'. The Company classifies goodwill and gaming licences as indefinite life assets and normally tests these for impairment in September each year. Due to the impact of COVID-19, impairment reviews have been completed on a quarterly basis starting in March during the current year.

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. Impairment reviews have been performed quarterly resulting in a £9.6m impairment charge for the year (2019: write-back of £3.4m.)

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

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 calculated using a combination of 5 year historic financial information (2015 - 2019) and financial projections for 2022. Financial information for 2020 and 2021 has been ignored due to the impact of COVID-19 on determining an appropriate 'base' cash flow. The base cashflow has been extrapolated for a further 4 years and a terminal value calculated at year 5 using an annual and long-term growth rate of 2.0% (2019: 2.0%), including inflation. This growth rate is consistent with forecasts included in industry reports and external sources. The post-tax discount rate applied to cash flow projections is 7.85% (2019: 7.25%).

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

- Admissions
  The number of discrete visits by members to the casino. The impairment assessment uses an average of 5 years historical information and a further year of projections, based a long-term growth rate of 2%.

- Spend per head
  The average amount of money spent by a member on gaming tables and machines (net winnings), and food and beverages. The impairment assessment uses an average of 5 years historical information and a further year of projections, based on a long term-growth rate of 2%.

10A. IMPAIRMENT REVIEW (CONTINUED)

- 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.

- Reopening scenarios
  Expected reopening dates and trading levels following the end of COVID-19 restrictions. The impairment assessment assumes casinos will reopen during the summer of 2021 at 70% of normal trading and return back to normal trading levels by 2022.

The carrying value of the assets being assessed for impairment for all CGUs are underpinned by their fair value, however the external valuation prepared as at 31 December 2020 includes a material uncertainty as a result of the ongoing COVID-19 pandemic. This represents a significant estimation uncertainty in relation to the fair value of the CGUs in determining their recoverable amount If the fair value was not considered in the impairment assessment there would be a potential additional impairment of £3.2m recognised based on value in use. Management have performed sensitivity analysis on the reopening scenarios and have concluded that a decrease in forecasted EBITDA of 5% by 2022, assuming the discount rate is unchanged, could indicate a further impairment based on value in use of £2.7m.

11. LEASE LIABILITIES

	31 December 2020 £m	1 January 2020 £m
Right-of-use assets		
Properties	**111.8**	128.0
Motor vehicles	**0.9**	1.2
	112.7	129.2
Lease liabilities		
Current	**(16.7)**	(11.6)
Non-current	**(116.0)**	(127.2)
	(132.7)	(138.8)

	2020 £m	2019 £m
Depreciation - right-of-use assets		
Properties	**13.0**	12.4
Motor vehicles	**0.6**	0.5
	13.6	12.9

Additions to the right-of-use assets during the 2020 financial year were £0.3m (2019: £34.2m). Modifications to leases in the year resulted in an increase of £0.3m (2019: £m) to right-of-use assets.

The total cash outflow for leases in 2020 was £11.1m (2019: £16.5m).

Impairments charges of £3.4m (2019: £1.7m) have been recognised during the year (see Note 10A).

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

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

12. INVESTMENTS

	Shares £m	Loans £m	Total £m
Cost			
At 1 January 2019 and 31 December 2019	160.6	(138.8)	21.8
Additions	-	-	-
At 31 December 2020	160.6	(138.8)	21.8
Provision for impairment			
At 1 January 2019 and 31 December 2019	-	-	-
Impairment	-	-	-
At 31 December 2020	-	-	-
Net book amount			
At 31 December 2020	**160.6**	**(138.8)**	**21.8**
At 31 December 2019	160.6	(138.8)	21.8

The following trading subsidiaries and their voting rights were wholly owned either directly or indirectly by the Company at 31 December 2020:

	Activity	Country of Registration	Directly or indirectly owned	% equity interest 2020	2019
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 Investments Limited	Dormant	Guernsey	Indirect	**100**	100
Freeany Enterprises Limited	Administrative services on behalf of fellow group companies	England	Indirect	**100**	100
MLG Investments Limited	Dormant	England	Indirect	**100**	100
Westcliff Casino Limited	Dormant	England	Indirect	**100**	100
Genting Malta Limited	Online casino and sportsbook operator	Malta	Direct	**100**	100
Genting Spain Plc	Online casino and sportsbook operator	Malta	Indirect	**100**	100
Authentic Gaming Limited	Live casino provider	Malta	Indirect	**100**	100
Authentic Gaming Malta Limited	Live casino provider	Malta	Indirect	**100**	100
Genting (Gibraltar) Limited	Support services for the online operation of Genting, initially marketing support	Gibraltar	Direct	**100**	100
Biteleta Servicios Y Gestiones, S.L.	Dormant	Spain	Direct	**100**	100

12. INVESTMENTS (CONTINUED)

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

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

13. INVENTORIES

	2020 £m	2019 £m
Consumables	**0.7**	0.7
Goods for resale	**1.0**	1.4
	1.7	2.1

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

There are no significant inventory provisions in either 2020 or 2019.

14. TRADE AND OTHER RECEIVABLES

	2020 £m	2019 £m
Current		
Trade receivables	**0.6**	6.2
Amounts due from related parties	**164.8**	155.9
Other receivables	**7.7**	9.2
Prepayments and accrued income	**2.4**	4.5
Lease receivables	**0.3**	0.3
	175.8	176.1
Non-Current		
Lease receivables	**3.7**	5.6
	3.7	5.6

In 2020 an additional £9.1m of bad debt was provided for (2019: net £0.8m recovered), 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 £0.6m (2019: £2.2m) of trade receivables past due. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables disclosed above.

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

15. CASH AND CASH EQUIVALENTS

	2020 £m	2019 £m
Cash at bank and in hand	**48.9**	68.6
	48.9	68.6

Cash and cash equivalents in the cash flow statements comprise cash at bank, other short term highly liquid investments with a maturity of three months or less, overdrafts and borrowings

16. TRADE AND OTHER PAYABLES

	2020 £m	2019 £m
Trade payables	**16.1**	21.7
Amounts owed to related parties	**346.1**	312.2
Taxation and social security	**15.7**	15.7
Accruals and deferred income	**13.7**	17.0
	391.6	366.6

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

17. PENSION COMMITMENTS

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

Defined contribution schemes

One of the schemes is defined contribution. The cost of this scheme was £1.9m for the year ended 31 December 2020 (2019: £2.3m). There are no amounts outstanding in respect of defined contribution schemes at 31 December 2020.

Defined benefit scheme

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

The last full actuarial valuation was carried out by a qualified independent actuary as at 30 April 2018 and the results have been updated to 31 December 2020 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.

	2020 %	2019 %
The major categories of assets as a percentage of total plan assets are as follows:		
Equities and diversified growth funds	**57**	61
Bonds	**43**	39
Cash	**-**	-
Total	**100**	100

17. PENSION COMMITMENTS (CONTINUED)

	2020		2019	
	Quoted £m	**Unquoted £m**	Quoted £m	Unquoted £m
The major categories of assets were:				
Investment funds	**12.2**	**-**	12.1	-
Diversified growth funds	**7.6**	**-**	7.7	-
Bonds	**14.5**	**-**	12.4	-
Cash and cash equivalents	**-**	**0.1**	-	-
Total	**34.3**	**0.1**	32.2	-

	2020 %	2019 %
The principal assumptions made by the actuaries were:		
Inflation	**2.50**	2.00
Discount rate	**1.30**	1.95
Pensions in payment increase if CPI is 5.0% or less	**2.40**	2.00
Pensions in payment increase if CPI is 2.5% or less	**1.90**	1.60
Revaluation rate for deferred pensioners	**2.50**	2.00
Expected return on plan assets	**1.30**	1.95

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:

	2020	2019
Male currently age 65	**21.1 years**	21.0 years
Female currently age 65	**23.1 years**	22.9 years
Male currently age 45	**22.1 years**	22.0 years
Female currently age 45	**24.3 years**	24.1 years

18. DEFERRED TAX LIABILITIES

An analysis of the deferred tax provision is as follows:

	2020 £m	2019 £m
Deferred tax liabilities		
Gaming properties and licences	**50.6**	49.9
Deferred tax assets		
Accelerated Capital Allowances	**(2.3)**	(1.9)
Net deferred tax liability	**48.3**	48.0

18. DEFERRED TAX LIABILITIES (CONTINUED)

The movement on the deferred tax account is shown below:

	2020	2019
	£m	£m
Net liability at 1 January	**48.0**	46.1
Adjustments in respect of prior years	**(2.8)**	(0.3)
(Credit)/charge to income statement - continuing operations		
- gaming properties and licences	**(2.2)**	2.2
- Accelerated capital allowances	**-**	(0.1)
Acquisition	**0.2**	-
Disposals	**(0.2)**	-
Change of rate	**5.3**	0.1
Net liability at 31 December	**48.3**	48.0

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

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

The Company has deferred tax assets totalling £8.8m (2019: £nil) relating to tax losses that have not been recognised. These have not been recognised as management does not believe it is probable that there will be sufficient taxable profits in the future to offset these losses.

19. CALLED UP SHARE CAPITAL

	2020	2019
	£m	£m
Allotted and called up share capital		
16,550,000 (2019: 16,550,000) Ordinary shares of £1 each	**16.6**	16.6

The authorised share capital of the Company is £16,550,000 (2019: £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 £55.0m at 31 December 2020 (2019: £70.0m). The guarantee is secured by a charge on the Company's freehold property (see note 9).

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

21. CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided in the financial statements at 31 December 2020 amounted to £2.0m (2019: £5.4m).

22. OPERATING LEASE COMMITMENTS

The Company has a number of lease agreements which qualify as non-cancellable operating lease agreements (2019: under IAS 17). These relate primarily to future rentals payable on land and buildings of casinos and rental of gaming machines and general equipment within the casinos.

From 1 January 2020, the company has recognised right-of-use assets for these leases, except for short-term and low-value leases, see note 11 and note 1A for further information.

	2020	2019
	Plant and machinery	Plant and machinery
	£m	£m
Future minimum rentals payable under non-cancellable leases :		
Within one year	**1.0**	1.3
After one year but not more than five years	**0.5**	1.3
More than five years	**-**	-
Total	**1.5**	2.6

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 Berhard subsidiaries outside the UK	Amounts owed by other Genting Berhard subsidiaries outside the UK
	£m	£m
At 1 January 2020	(0.1)	0.5
Amounts (borrowed) / repaid	(1.9)	1.5
At 31 December 2020	**(2.0)**	**2.0**

24. POST BALANCE SHEET EVENTS

Post year end, a further National Lockdown was announced in January 2021 resulting in the closure of the UK casino business. Following the latest UK Government announcements UK casinos are expected to open in May 2021.

The disposal of two of the Company's permanently closed casinos was completed post year end.

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Stanley Casinos Holdings Limited.

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

Genting Berhad is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2020. 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 2020. 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.