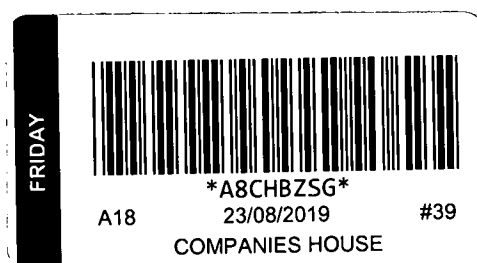


**Company Registration No. 01675981**

**S.A.L. LEISURE LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 December 2018**



**S.A.L. LEISURE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2018**

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**S.A.L. LEISURE LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

T Allison  
P Hyman  
Z Mersich  
N Paramore

**COMPANY SECRETARY**

N Paramore

**REGISTERED OFFICE**

362C Dukesway  
Team Valley Trading Estate  
Gateshead  
Tyne and Wear  
United Kingdom  
NE11 0PZ

**BANKERS**

Barclays Bank PLC  
Barclays House  
5 St Ann's Street  
Newcastle Upon Tyne  
Tyne and Wear  
United Kingdom  
NE1 3DX

**AUDITOR**

Deloitte LLP  
Statutory Auditor  
Bristol  
United Kingdom

## **S.A.L. LEISURE LIMITED**

### **DIRECTORS' REPORT**

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

This directors' report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption.

### **ACTIVITIES**

S.A.L. Leisure Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the company's registered office is shown on page 1.

The principal activity of the company in the period under review was the provision of leisure services and entertainment facilities.

### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The results for the year are shown in the profit and loss account on page 8.

The directors are satisfied with the performance in 2018. Investment in new machines and game content ensured the business remained strong in a competitive market.

During the year, the directors made the decision not to renew the property lease for the company, and to relocate the S.A.L. Leisure venue to a more beneficial location. The new venue will be included in the Luxury Leisure portfolio and will therefore not be owned by S.A.L. Leisure Limited. As such, once the new site is operational, the company will cease to trade. As a result, these financial statements have been prepared on a basis other than going concern.

### **KEY PERFORMANCE INDICATORS**

The directors deem turnover and profit before tax as the key performance indicators within the business. The turnover for the year was £2,573,061 compared to the prior year turnover of £2,544,641. The pre-tax profit for the year was £619,662 compared to a pre-tax profit of £710,698 for the year ended 31 December 2017. Net current assets were £3,393,620 (2017: £3,161,235). In the context of the competitiveness of the market and general economic climate the directors were satisfied with the performance of these measures.

### **FINANCIAL RISK MANAGEMENT**

The company operates in a highly competitive UK adult gaming market, which is a continuing risk to the company which could result in losing revenue to its key competitors. The company manages this risk by improving the venue appearance, equipment, machine game content and maintaining strong relationships with its customers.

### **GOING CONCERN**

As discussed above, given the relocation of the S.A.L. Leisure venue and its future inclusion within the Luxury Leisure portfolio, it is not anticipated that the company will trade after 2019. Therefore, the directors have prepared the financial statements on a basis other than as a going concern.

Further details regarding the adoption of the going concern basis can be found in note 2 to the financial statements.

### **DIVIDENDS**

During the year the directors declared and paid a final dividend to S.A.L. Leisure Holdings Limited of £284,419 (2017: £288,209 dividend paid). This equates to a dividend per share of £142,210 (2017: £144,105 per share). The directors do not recommend the payment of any further dividends.

### **DIRECTORS**

The directors of the company, who served throughout the financial year and subsequently, are as shown on page 1.

**S.A.L. LEISURE LIMITED**

**DIRECTORS' REPORT (continued)**

**AUDITOR**

In the case of each of the persons who are directors of the company at the date when this report is approved:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated its willingness to continue in office as the company's auditor and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



**Z. Mersich**  
Director  
28 June 2019

## **S.A.L. LEISURE LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Practice (United Kingdom Accounting Standards and applicable laws) and Financial Reporting Standard 101 Reduced Disclosure Framework. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF S.A.L. LEISURE LIMITED**

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

#### **Opinion**

In our opinion the financial statements of S.A.L. Leisure Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of matter – Financial statements prepared other than on a going concern basis**

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF S.A.L. LEISURE LIMITED (continued)**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
S.A.L. LEISURE LIMITED (continued)**

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Andrew Wright*

**Andrew Wright (Senior statutory auditor)**

**For and on behalf of Deloitte LLP**

Statutory Auditor

Bristol, United Kingdom

*29* June 2019

**S.A.L. LEISURE LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2018**

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Turnover</b>	<b>4</b>	<b>2,573,061</b>	<b>2,544,641</b>
Cost of sales		(1,303,450)	(1,386,996)
<b>Gross profit</b>		<b>1,269,611</b>	<b>1,157,645</b>
Administrative expenses		(648,155)	(433,214)
<b>Operating profit</b>		<b>621,456</b>	<b>724,431</b>
Loss on disposal of assets		-	(12,800)
<b>Profit before interest</b>		<b>621,456</b>	<b>711,631</b>
Interest payable and similar charges		(1,794)	(933)
<b>Profit before taxation</b>	<b>5</b>	<b>619,662</b>	<b>710,698</b>
Tax charge on profit	<b>8</b>	(118,448)	(139,376)
<b>Profit for the year</b>		<b>501,214</b>	<b>571,322</b>

All amounts derive from operations which are now discontinued.

There have been no recognised gains and losses for the current or the prior financial year other than as stated in the profit and loss account and, accordingly, no separate Statement of Comprehensive Income is presented.

The notes on pages 11 to 20 form an integral part of these financial statements.

**S.A.L. LEISURE LIMITED**

**BALANCE SHEET**

As at 31 December 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	9	112,080	127,670
<b>Current assets</b>			
Debtors	10	3,565,553	3,396,545
Cash at bank and in hand		173,962	108,653
		<b>3,739,515</b>	<b>3,505,198</b>
<b>Creditors: amounts falling due within one year</b>	11	<b>(345,895)</b>	<b>(343,963)</b>
<b>Net current assets</b>		<b>3,393,620</b>	<b>3,161,235</b>
<b>Total assets less current liabilities, being net assets</b>		<b>3,505,700</b>	<b>3,288,905</b>
<b>Capital and reserves</b>			
Called up share capital	13	2	2
Profit and loss account		3,505,698	3,288,903
<b>Shareholder's funds</b>		<b>3,505,700</b>	<b>3,288,905</b>

The financial statements of S.A.L. Leisure Limited, registered number 01675981, were approved by the Board of Directors and authorised for issue on 26 June 2019.

Signed on behalf of the Board of Directors



**N Paramore**  
Director

The notes on pages 11 to 20 form an integral part of these financial statements.

**S.A.L. LEISURE LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
**As at 31 December 2018**

	<b>Called up share capital (note 13)</b>	<b>Profit and loss account (note 13)</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 1 January 2017</b>	<b>2</b>	<b>3,005,790</b>	<b>3,005,792</b>
Profit for the year, being total comprehensive income	-	571,322	571,322
Dividend paid	-	(288,209)	(288,209)
<b>Balance at 31 December 2017</b>	<b>2</b>	<b>3,288,903</b>	<b>3,288,905</b>
Profit for the year, being total comprehensive income	-	501,214	501,214
Dividend paid (note 13)	-	(284,419)	(284,419)
<b>Balance at 31 December 2018</b>	<b>2</b>	<b>3,505,698</b>	<b>3,505,700</b>

The notes on pages 11 to 20 form an integral part of these financial statements.

## **S.A.L. LEISURE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**

#### **1. GENERAL INFORMATION**

S.A.L. Leisure Limited is a private limited company incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the company's registered office is shown on page 1. The nature of the company's operations and its principal activities are set out in the business review on page 2.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the company operates.

#### **Adoption of new and revised Standards**

##### **Amendments to IFRS Standards and the new Interpretation that are mandatorily effective for the current year**

##### **Impact of initial application of IFRS 9 *Financial Instruments***

###### *Background to IFRS 9*

In the current year, the company has applied IFRS 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets, and
3. General hedge accounting.

Details of these new requirements as well as their impact on the company's financial statements are described below.

The company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

###### *Classification and measurement of financial assets*

The date of initial application (i.e. the date on which the company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the company may make the following irrevocable election / designation at initial recognition of a financial asset:

- the company may irrevocably elect to present subsequent changes in fair value of an equity investment that is not held for trading in other comprehensive income; and
- the company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

## S.A.L. LEISURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

#### 1. GENERAL INFORMATION (continued)

##### **Impact of IFRS 9 *Financial Instruments* on S.A.L. Leisure**

The directors of the company reviewed and assessed the company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the company's financial assets as regards their classification and measurement.

##### *Classification and measurement of financial liabilities*

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer. Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the company's financial liabilities.

##### *Impairment of financial assets*

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the company to recognise a loss allowance for expected credit losses on:

1. Debt investments measured subsequently at amortised cost; and,
2. Trade debtors and contract assets.

In particular, IFRS 9 requires the company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade debtors and contract assets in certain circumstances.

The application of the IFRS 9 impairment requirements has no impact on the company's loss allowance recognised in the financial statements.

##### *General hedge accounting*

The company does not have any hedge accounting activities and therefore there is no impact arising from the changes in IFRS 9.

##### **Impact of application of IFRS 15 *Revenue from Contracts with Customers***

In the current year, the company has applied IFRS 15 *Revenue from Contracts with Customers* (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. More prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

The company's accounting policies for its revenue streams are disclosed in detail in further detail in note 2 below. Apart from providing more extensive disclosures for the company's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the company.

## **S.A.L. LEISURE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**

#### **1. GENERAL INFORMATION (continued)**

##### **IFRS 16 Leases**

The adoption of IFRS 16 'Leases' from 1 January 2019 is expected to have an impact on both the company's balance sheet and profit and loss account. For those leases where it is the lessee, the company will be required to recognise assets and liabilities in the balance sheet in the majority of cases, and recognition of depreciation and finance costs is required in the profit and loss account. The company is undertaking a detailed assessment to determine the overall impact of IFRS 16 on its results and financial position, which will clearly depend upon the transition options selected and the specific circumstances at the date of adoption.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of accounting**

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of Novomatic AG. The group financial statements of Novomatic AG are available to the public and can be obtained as set out in note 15.

##### **Going concern**

The financial statements have been prepared on a basis other than that of a going concern. Following the cessation of trade which is expected in Q1 2019, the company will transfer any remaining assets and liabilities to Luxury Leisure. It is not anticipated that the company will trade in the future.

##### **Tangible fixed assets**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts as described below. Depreciation on revalued buildings is charged to income. On the subsequent sale or scrapping of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Short leasehold properties	10 years
Plant and machinery	3–10 years
Fixtures and fittings	3–7 years

Residual value is calculated on prices prevailing at the date of acquisition or revaluation. Useful lives and residual values are reviewed at the end of every reporting period.

## **S.A.L. LEISURE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**

#### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Impairment of tangible assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.



## **S.A.L. LEISURE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Taxation (continued)**

#### ***Current tax and deferred tax for the period***

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### **Turnover**

Turnover represents the receipts from the provision of leisure services and entertainment facilities, exclusive of value added tax, within the United Kingdom. Turnover is recognised at the point of receipt, as the company is a cash business.

### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

### **Finance costs**

As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in profit or loss within finance costs.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and released to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## S.A.L. LEISURE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

#### 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### *Critical judgements in applying the company's accounting policies*

The directors do not deem there to be any critical judgements made in the process of applying the company's accounting policies.

##### *Key sources of estimation uncertainty*

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 4. TURNOVER

All the activities of the company fall into the principal activity as stated within the directors' report and the activities arise wholly in the United Kingdom.

#### 5. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: owned	23,398	19,326
Other lease rentals	143,255	136,596
Machine hire charges	191,590	190,249

#### 6. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the company's financial statements were £5,935 (2017: £5,800).

#### 7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

All employees of S.A.L. Leisure Limited are paid by Luxury Leisure. The company receives a recharge from Luxury Leisure for employees working in the S.A.L. Leisure Limited venue. The average number of employees working in this venue was 25 for the year ended 31 December 2018.

None of the directors received any emoluments for their services to the company (2017: £nil).

Z Mersich, N Paramore and T Allison were remunerated by the parent company, Novomatic UK Limited for their services to the group. P Hyman was remunerated by a fellow subsidiary, Luxury Leisure, for his services to the group. It is not possible to split amounts between services to each company individually. Full disclosure of amounts paid to directors are given in the financial statements of the group companies mentioned above.

**S.A.L. LEISURE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**

**8. TAX ON PROFIT**

	2018 £	2017 £
<b>Current taxation</b>		
United Kingdom corporation tax:		
Current tax on income for the year at 19% (2017: 19.25%)	119,470	144,794
Adjustment in respect of prior years	(3,389)	-
<b>Total current tax</b>	<b>116,081</b>	<b>144,794</b>
<b>Deferred tax</b>		
Current year	201	(6,134)
Effect of tax rate changes	(21)	716
Adjustment in respect of prior years	2,187	-
<b>Total deferred tax</b>	<b>2,367</b>	<b>(5,418)</b>
<b>Total tax on profit</b>	<b>118,448</b>	<b>139,376</b>

**Factors affecting the tax charge for the current period**

The difference between the current taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows. The effective tax rate is higher (2017: higher) than the standard rate of tax:

	2018 £	2017 £
Profit before tax	619,662	710,698
		£
Tax on profit at 19% (2017: 19.25%)	117,736	136,785
<b>Factors affecting tax for the year</b>		
Expenses not deductible for tax purposes	1,935	1,875
Change in tax rates	(21)	716
Prior period adjustment	(1,202)	-
<b>Tax charge for the year</b>	<b>118,448</b>	<b>139,376</b>

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

The Finance Act 2016 which was enacted in September 2016 announced a further reduction in the standard rate of corporation tax to 17% with effect from 1 April 2020.

The deferred tax liability at 31 December 2018 is calculated at 17% (2017: 17%), being the rate at which it is expected that the deferred tax liability will unwind, based on currently enacted rates.

**S.A.L. LEISURE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**

**9. TANGIBLE FIXED ASSETS**

	Short leasehold property £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 January 2018	324,566	355,210	679,776
Additions	-	7,808	7,808
At 31 December 2018	324,566	363,018	687,584
<b>Depreciation</b>			
At 1 January 2018	257,757	294,349	552,106
Disposals	-	-	-
Charge for the year	9,881	13,517	23,398
At 31 December 2018	267,638	307,866	575,504
<b>Net book value</b>			
At 31 December 2018	56,928	55,152	112,080
At 31 December 2017	66,809	60,861	127,670

**10. DEBTORS**

	2018 £	2017 £
<b>Amounts falling due within one year</b>		
Trade debtors	-	7,916
Amounts owed by group undertakings	3,475,202	3,296,334
Deferred tax (see note 12)	3,849	6,216
Other debtors	3,989	170
Prepayments and accrued income	82,513	85,909
	<b>3,565,553</b>	<b>3,396,545</b>

Amounts owed by group undertakings are unsecured, repayable on demand and attract no interest.

**S.A.L. LEISURE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Trade creditors	7,363	39,630
Amounts owed to group undertakings	-	2,245
Corporation tax	119,469	59,794
Other taxation and social security	123,295	134,889
Other creditors	2,550	-
Accruals and deferred income	93,218	107,405
	<u>345,895</u>	<u>343,963</u>

Amounts owed to group undertakings are unsecured, repayable on demand and attract no interest.

**12. DEFERRED TAX**

	Accelerated tax depreciation £
Deferred tax is provided as follows:	
At 1 January 2018	(6,216)
Deferred tax charge to profit and loss for the year	180
Adjustment in respect of prior years	2,187
<b>At 31 December 2018</b>	<u><b>(3,849)</b></u>

**13. CALLED-UP SHARE CAPITAL AND RESERVES**

	2018 £	2017 £
<b>Allotted, called-up and fully paid</b>		
2 ordinary shares of £1	<u>2</u>	<u>2</u>

The company has one class of ordinary shares which carry no right to fixed income.

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

Dividends of £284,419 were declared and paid from the profit and loss account during the year (2017: £288,209). This equates to a dividend per share of £142,210 (2017: dividend per share of £144,105).

## **S.A.L. LEISURE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**

#### **14. FINANCIAL COMMITMENTS**

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>2018</b>	<b>2017</b>
	<b>Land and buildings £</b>	<b>Land and buildings £</b>
- within one year	33,171	133,131
- between two and five years	-	532,889
- after five years	-	379,332
	<b>33,171</b>	<b>1,045,352</b>

The lease for the operating site is for a term of 25 years with five-year rent reviews. The liability of the rent has been reduced to only one quarter as an agreement has been made with the landlord to extinguish S.A.L. Leisure Limited from its liability on the intention the premises are vacated in a prescribed period following the opening of a new Manchester based venue. The new venue will operate in the group company Luxury Leisure. The lease of land and buildings provide for the lessee to pay all insurance, maintenance and repair costs.

#### **15. ULTIMATE PARENT COMPANY**

Up to the 19 December 2018, the immediate parent company was S.A.L. Leisure Holdings Limited, a company registered in the United Kingdom. On 19 December 2018 the company was acquired by Luxury Leisure Holdings Limited, a company registered in the United Kingdom.

The ultimate parent company is Novo Invest GmbH, a company registered in Austria.

Novomatic AG is the parent of the smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the group financial statements of Novomatic AG can be obtained from Novomatic AG, Wiener Strasse 158, A-2352 Gumpoldskirchen, Austria, which is the registered address of the company.

Novo Invest GmbH is the parent of the largest group of which the company is a member and for which group financial statements are drawn up. Copies of the group financial statements of Novo Invest GmbH can be obtained from Novo Invest GmbH, Wiener Strasse 158, A-2352 Gumpoldskirchen, Austria, which is the registered address of the company.

#### **16. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is Mr Johann F Graf.

#### **17. SUBSEQUENT EVENTS**

There are no subsequent events after the reporting date which require disclosure.