

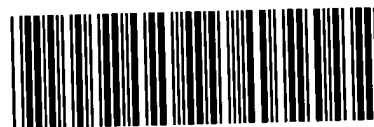
Company Registration No. 01675981

S.A.L. LEISURE LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2017

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S.A.L. LEISURE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2017

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S.A.L. LEISURE LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

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 2017.

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

ACTIVITIES

SAL 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 2017. Investment in new machines and game content ensured the business remained strong in a competitive market. The business has being rebranded to Admiral, and the venue has also been refurbished to further enhance the customer experience.

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 £2,544,641 compared to the prior year turnover of £2,755,603. The pre-tax profit for the year was £710,698 compared to a pre-tax profit of £886,323 for the year ended 31 December 2016. Net current assets were £3,161,235 (2016: £2,935,506). In the context of the competitiveness of the market and general economic climate the directors were satisfied with the performance of these measures.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The directors have assessed the balance sheet and likely future cash flows of the company as at the date of approving the financial statements, taking into account reasonably possible changes in trading performance. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

DIVIDENDS

During the year the directors declared and paid a final dividend to S.A.L Leisure Holdings Limited of £288,209 (2016: £292,000 dividend paid). This equates to a dividend per share of £144,105 (2016: £146,000 per share).

S.A.L. LEISURE LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

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

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
23 April 2018

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 Financial Reporting Standard 101 Reduced Disclosure Framework and applicable law. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 MEMBERS OF S.A.L. LEISURE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 of S.A.L Leisure Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

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 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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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.

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

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.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

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.

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

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.

Andrew Wright

Andrew Wright (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Bristol, United Kingdom

23 April 2018

S.A.L. LEISURE LIMITED**PROFIT AND LOSS ACCOUNT**
For the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	2,544,641	2,755,603
Cost of sales		(1,386,996)	(1,431,724)
Gross profit		1,157,645	1,323,879
Administrative expenses		(433,214)	(437,556)
Operating profit		724,431	886,323
Loss on disposal of assets		(12,800)	-
Profit before interest		711,631	886,323
Interest payable and similar charges		(933)	-
Profit before taxation	4	710,698	886,323
Tax charge on profit	7	(139,376)	(179,248)
Profit for the year		571,322	707,075

All amounts derive from continuing operations.

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 19 form an integral part of these financial statements.

S.A.L. LEISURE LIMITED

BALANCE SHEET
As at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	8	127,670	70,286
Current assets			
Debtors	9	3,396,545	3,406,819
Cash at bank and in hand		108,653	109,071
		3,505,198	3,515,890
Creditors: amounts falling due within one year	10	(343,963)	(580,384)
Net current assets		3,161,235	2,935,506
Total assets less current liabilities, being net assets		3,288,905	3,005,792
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account		3,288,903	3,005,790
Shareholder's funds		3,288,905	3,005,792

The financial statements of S.A.L Leisure Limited, registered number 01675981, were approved by the Board of Directors and authorised for issue on 23 April 2018

Signed on behalf of the Board of Directors



N Paramore
Director

The notes on pages 11 to 19 form an integral part of these financial statements.

S.A.L. LEISURE LIMITED

STATEMENT OF CHANGES IN EQUITY
As at 31 December 2017

	Called up share capital (note 12)	Profit and loss account (note 12)	Total
	£	£	£
Balance at 1 January 2016	2	2,590,715	2,590,717
Profit for the year, being total comprehensive income	-	707,075	707,075
Dividend paid	-	(292,000)	(292,000)
Balance at 31 December 2016	2	3,005,790	3,005,792
Profit for the year, being total comprehensive income	-	571,322	571,322
Dividend paid (note 12)	-	(288,209)	(288,209)
Balance at 31 December 2017	2	3,288,903	3,288,905

The notes on pages 11 to 19 form an integral part of these financial statements.

S.A.L. LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2017**

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

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 nature of the company's operations and its principal activities are set out in the review of the business on page 2.

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, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants were to take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group financial statements of Novomatic AG. Details of the parent in whose consolidated financial statements the company is included are shown in note 14 to the financial statements.

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 14.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. The Directors' Report also describes the financial position of the company; its liquidity position; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities.

S.A.L. LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2017**

1. ACCOUNTING POLICIES (continued)

Going concern (continued)

The company meets its day to day working capital requirements through an on-going overdraft facility that is reviewed annually. The current economic conditions create uncertainty, particularly over the availability of bank finance in the foreseeable future. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

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.

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.

S.A.L. LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

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.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1 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.

3. 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.

S.A.L. LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2017

4. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: owned	19,326	22,224
Other lease rentals	136,596	134,278
Machine hire charges	190,249	115,685
Staff costs (see note 6)	-	252,148

5. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the company's financial statements were £5,800 (2016: £4,000).

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2017 £	2016 £
Wages and salaries	-	237,788
Social security	-	14,360
	-	252,148

The average monthly number of employees during the year was as follows:

	No.	No.
Arcade operations	-	27

All employees of S.A.L Leisure Limited transferred to Luxury Leisure employment in September 2016. 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 23 for the year ended 31 December 2017.

None of the directors received any emoluments for their services to the company (2016: £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 2017

7. TAX ON PROFIT

	2017 £	2016 £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 19.25% (2016: 20%)	144,794	180,641
Adjustment in respect of prior years	-	(83)
Total current tax	144,794	180,558
Deferred tax		
Current year credit	(6,134)	(2,509)
Effect of tax rate changes	716	298
Adjustment in respect of prior years	-	901
Total tax on profit	139,376	179,248

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 (2016: higher) than the standard rate of tax:

	2017 £	2016 £
Profit before tax	710,698	886,323
	£	£
Tax on profit at 19.25% (2016: 20%)	136,785	177,265
Factors affecting tax for the year		
Expenses not deductible for tax purposes	1,875	867
Change in tax rates	716	298
Prior period adjustment	-	818
Current tax for the year	139,376	179,248

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 2017 is calculated at 17% (2016: 17%), being the rate at which it is expected that the deferred tax liability will unwind, based on currently enacted rates.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017
8. TANGIBLE FIXED ASSETS

	Short leasehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2017	265,509	358,706	624,215
Additions	59,057	30,453	89,510
Disposals	-	(33,949)	(33,949)
At 31 December 2017	324,566	355,210	679,776
Depreciation			
At 1 January 2017	252,873	301,056	553,929
Disposals	-	(21,149)	(21,149)
Charge for the year	4,884	14,442	19,326
At 31 December 2017	257,757	294,349	552,106
Net book value			
At 31 December 2017	66,809	60,861	127,670
At 31 December 2016	12,636	57,650	70,286

9. DEBTORS

	2017 £	2016 £
Amounts falling due within one year		
Trade debtors	7,916	2,598
Amounts owed by group undertakings	3,296,334	3,341,696
Deferred tax (see note 11)	6,216	798
Other debtors	170	35
Prepayments and accrued income	85,909	61,692
	3,396,545	3,406,819

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 2017**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Bank overdraft	-	273,474
Trade creditors	39,630	12,177
Amounts owed to group undertakings	2,245	957
Corporation tax	59,794	81,641
Other taxation and social security	134,889	132,514
Other creditors	-	1,805
Accruals and deferred income	107,405	77,816
	<u>343,963</u>	<u>580,384</u>

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

11. DEFERRED TAX

	Accelerated tax depreciation £
Deferred tax is provided as follows:	
At 1 January 2017	(798)
Deferred tax credit to profit and loss for the period	(5,418)
At 31 December 2017	<u>(6,216)</u>

12. CALLED-UP SHARE CAPITAL AND RESERVES

	2017 £	2016 £
Allotted, called-up and fully paid		
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 £288,209 were declared and paid from the profit and loss account during the year (2016: £292,000). This equates to a dividend per share of £144,105 (2016: dividend per share of £146,000).

S.A.L. LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2017**

13. 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:

	2017	2016
	Land and buildings £	Land and buildings £
- within one year	133,131	111,500
- between two and five years	532,889	446,000
- after five years	379,332	428,893
	1,045,352	986,393

The lease for the operating site is for a term of 25 years with five-year rent reviews. The lease of land and buildings provide for the lessee to pay all insurance, maintenance and repair costs.

14. ULTIMATE PARENT COMPANY

The immediate parent company is S.A.L. 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.

15. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr Johann F Graf.

16. SUBSEQUENT EVENTS

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