

RANK GROUP GAMING DIVISION LIMITED

Registered Number 3213743

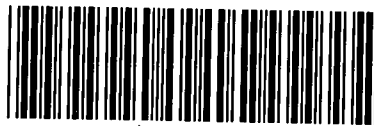
ANNUAL REPORT

AND

FINANCIAL STATEMENTS

30 JUNE 2022

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COMPANIES HOUSE

Corporate information

Directors

Mr J.P. O'Reilly

Mr R.D. Harris

Company Secretary

Ms A. Magnus (appointed 3 October 2022)

Auditors

Ernst & Young LLP

R+

2 Blagrove Street

Reading

RG1 1AZ

Bankers

RBS

250 Bishopsgate

London

EC2M 4AA

Registered Office

TOR, Saint-Cloud Way

Maidenhead

Berkshire

SL6 8BN

United Kingdom

RANK GROUP GAMING DIVISION LIMITED STRATEGIC REPORT

Principal activities

The principal activity of the Company throughout the period was that of an intermediary holding company. The Directors do not anticipate any further changes in the activity of the Company in the foreseeable future.

The Company is a limited company incorporated and domiciled in England and Wales.

The details of principal subsidiary undertakings are given in note 6.

Review of the business

The strategy of the Company is managed as part of the overall operations of The Rank Group Plc ('Rank' or 'Group'). This year, the Group are reporting under five (5) refreshed strategic pillars. The Group's strategy remains focused on driving its digital business and evolving venues, alongside a seamless cross-channel experience. The main aims of the strategy for the operations are as follows:

- Provide a seamless and tailored experience for customers across venues and online
- Drive digital growth powered by our proprietary technology and live play credentials
- Continuously evolve our venues estate with engaging proposition that appeal to both existing and new customers
- Be passionate about the development and well-being of our colleagues and the contribution we make to our communities
- Build sustainable relationship with our customers by providing them with safe environments in which to play

More detailed disclosure of the Group's strategy can be found in the Group's Annual Report and Accounts ('ARA') on pages 40 to 51, which is available at www.rank.com.

The results for the Company show a pre-tax loss of £25.9m for the year (2021: £1.7m pre-tax loss). The current year results are impacted by separately disclosed items of £24.3m (2021: £nil). Further details of these separately disclosed items are shown in note 2 to the financial statements.

The balance sheet as at 30 June 2022 shows net current liabilities of £3.2m (2021: £1.6m net current liabilities). Cash generated during the period has been pooled in accordance with the Group's treasury policy to a fellow subsidiary in line with prior years.

Key performance indicators (KPI)

The Directors of the Group manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using KPI for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance, and position of the Group, which includes the Company, is discussed in more detail on pages 52 to 53 of the Group's ARA which do not form part of this report. The Directors do not anticipate any immediate or substantial variations to the Company's current activities.

Principal risks and uncertainties

The Directors of the Group manage the risks of the Group at a group level, rather than at an individual statutory entity level. For this reason, the Company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, are discussed on pages 74 to 81 of the Group's ARA available at www.rank.com.

Section 172 Statement

In accordance with Section 172(1) Companies Act 2006, the Company's Directors must act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the range of factors set out in section 172(1)(a) to (f) of the Companies Act, including the interests of stakeholders.

Many of the Directors' principal decisions were taken in direct response to the wider Group's continued recovery from the pandemic and review of its strategy, as well as the impact of increasing inflationary pressures in the latter half of the year. In taking such decisions it carefully considered stakeholders, and the information it received through engagement, and how each such decision would impact on the success of the Group, with due regard to the other matters set out in section 172(1) (a) to (f) of the Companies Act 2006. This was particularly relevant in

RANK GROUP GAMING DIVISION LIMITED STRATEGIC REPORT (CONTINUED)

relation to its discussions and decision-making on (i) its revised purpose and the refresh of the Group's strategic pillars with a view to ensuring sustainable growth, (ii) development of the Group's ESG framework and strategy, and (iii) capital investments, each as described on pages 98 to 99 of the Group's ARA.

The principal activity of the Company is to act as a holding company for the other entities in the Rank Group. The Company has no commercial business, and no employees, customers or suppliers other than other Rank Group companies during the period and as such the breadth of stakeholder considerations that would often apply in operating or commercial trading companies are generally not applied to the decisions of the Directors.

As a result, the Directors have been able to understand the nature of any stakeholder concerns and comply with our section 172 duty to promote the success of the Company and in furtherance of Group's purpose as illustrated in the Group's ARA, pages 35 to 39. The Directors set out below some examples of how the Directors and the Group have regard to the matters set out in s172.

Stakeholder	Key areas of consideration	How we engage and 2021/22 highlights
Customers Ensuring our customers are at the heart of our decision-making is crucial to our strategy. Understanding their changing needs, preferences and behaviours helps us to ensure that our offering remains safe, fair, current and appealing.	<ul style="list-style-type: none"> • Player protection • Customer experience • Relevance of offering • Health, safety & well being 	<p>The Group host, serve and engage with our customers each and every day by means of digital interfaces and conversations in our venues and remotely. This includes discussing their overall experience, safer gambling, affordability and welfare. We also regularly engage with our customers through quantitative and qualitative research to seek their views, opinions and insights into how we can improve our products, services and user journeys.</p> <p><i>2021/22 highlights across the Group</i></p> <ul style="list-style-type: none"> – Sought customer views on our approach to protective measures as pandemic restrictions were lifted. – Utilised customer insights and considered customer feedback as part of Mecca and Grosvenor brand development and decision making in connection with the redevelopment of venues including Mecca Luton, Grosvenor Glasgow Merchant City, Grosvenor Blackpool and Grosvenor Bristol. – Conducted intercept interviews, accompanied visits and four mixed age customer groups made up of both infrequent and regular bingo customers after the reopening of Mecca Luton in May 2022. – Utilised an 'always on' customer survey focusing on customer experience in Mecca venues, which can be completed in-person or via an app. – Conducted an online survey among a nationally representative audience based on age, gender and social class to understand the size of the casino and bingo cross-channel markets and customer views. Also utilised customer focus groups made up of representative samples of online and venue customers who evaluated a set of proposals designed to enhance and encourage cross-channel play. – Conducted player research and sought feedback on products and user journeys, utilising the output in product development and to inform our approach to user journey refinement. This led to, amongst other things, safer gambling tool development work, game tile optimisation and registration improvements.
Our People Our people are the heart	<ul style="list-style-type: none"> • Opportunities for progression • Inclusion and diversity 	<p>The Group seek an open dialogue culture and host forums throughout the year to enable the exchange of opinion between colleagues and the sharing of views with senior</p>

**RANK GROUP GAMING DIVISION LIMITED
STRATEGIC REPORT (CONTINUED)**

<p>and soul of the business and central to its success. We depend on their passion and commitment to implement our strategy and ensure our customers are served in the best possible way.</p>	<ul style="list-style-type: none"> • Fair pay and reward • Opportunities to share ideas and make a difference • Health, safety & well-being 	<p>management and the Group's Board. Other engagement methods include, but are not limited to, monthly Group and business unit Town Halls, frequent newsletters and corporate communications to share news and developments, employee opinion surveys, regular performance and development reviews and venue visits by Group Board members and senior management.</p> <p>The Group also continue to offer a confidential whistleblowing hotline to all colleagues.</p> <p><i>2021/22 highlights across the Group</i></p> <ul style="list-style-type: none"> - Regular communication Group-wide by way of our Get Connected programme. - Social media forums for Grosvenor and Mecca colleagues to express views and share news. - Monthly Town Hall meetings with Q&A sessions available to colleagues in all jurisdictions to attend. - Held workshops to assess further ways to develop and enhance our safer gambling culture and rolling out further tailored training in response. - Employee Voice meetings attended by elected representatives from the business, senior human resources management and the Chief Executive. - Talking STARS and Leading STARS forums held and attended by the Group's designated Non-Executive Director. - Conducted a full Employee Opinion Survey in September 2021 and a 'pulse survey' in May 2022 and implemented action plans following a review of results. - STARS values awards continued to recognise individuals and/or teams for demonstrating Rank's values in their work, nominated by their peers. - Embedded our six ED&I colleague network groups: Wellbeing; Women; Racial Equality and Diversity; LGBT+; Families; and general ED&I (incorporating religious celebrations). - Introduced a range of activities and initiatives to make sure that our workplace is an enjoyable and supportive place to work, such as massages, yoga classes, providing breakfasts and lunches and arranging other social events, and inviting a psychotherapist to talk on mental health. - Wellbeing@Rank programme. - Open dialogue with trade unions. - The Group Board considered workforce engagement updates from the Group designated Non-Executive Director (who is also chair of the Remuneration Committee), providing insights from our colleagues both positive and negative from the regular cadence of employee forums throughout the year. - The Group Board Directors conducted site visits to engage firsthand with colleagues.
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<p>Communities Community links are as important to</p>	<ul style="list-style-type: none"> • Charitable initiatives • Positive community impact • Employment 	<p>The Group's venues are community hubs in which people spend leisure time and engage and interact with other customers and with our colleagues. The strength of our business is in part due to the long-term trust and relationships</p>
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RANK GROUP GAMING DIVISION LIMITED
STRATEGIC REPORT (CONTINUED)

<p>Rank and its people as they are to our customers. Our businesses are more likely to succeed when they are part of healthy and supportive communities and we are committed to making a positive contribution to them.</p>	<ul style="list-style-type: none"> • Reputation 	<p>which exist between our colleagues and customers, who very often will have known each other for many years. A key learning has also been how integral the role of our venues and keeping communities engaged has been particularly during, and as a result of, the pandemic.</p> <p>The Group engage with the local community through volunteering, charity work and providing employment and work experience opportunities.</p> <p>The Group are particularly proud of our eight-year partnership with Carers Trust.</p> <p><i>2021/22 highlights across the Group</i></p> <ul style="list-style-type: none"> – Continued to support our communities as the pandemic eased and continued to make support calls to Mecca customers including those self-isolating. – Supported the 'Everyone Deserves a Christmas' campaign by distribution of hampers to local vulnerable and isolated people. – Raised £284,484.51 during the 2021/22 financial year for Carers Trust, which works to improve support, services and recognition for anyone living with the challenges of caring for a family member or friend who is ill, frail, disabled or has mental health or addiction problems. This included an invitation to carers to take a break and enjoy a Mecca Bingo club game or Grosvenor venues' afternoon tea. – Promoted local vacancies according to postcode regions and their local job centres and colleges to ensure job seekers can find local employment and one which has proved to be successful recruitment method. – Considered community contribution and impact when considering estate strategy.
<p>Regulators and Legislators Regulators and legislators play a key role in shaping the gambling landscape and an ongoing open dialogue is essential to ensure we better understand the expectations underpinning regulation and that regulation is founded in an</p>	<ul style="list-style-type: none"> • Openness and transparency • Compliance with laws and regulations • Consumer fairness and player protection • Policy and the direction of future gambling regulation 	<p>Establishing and developing relationships with elected parliamentarians, government officials, industry peers and key stakeholders (such as campaign groups and media) remains a key focus, particularly in the UK this year with the wide-ranging review of gambling legislation that is underway. The Group conduct such engagement ourselves and also through industry bodies, such as the Betting and Gaming Council ('BGC'), the Casino Group (within the BGC) and the Bingo Association. The Group strive to establish strong working relationships with the aim that our contributions are valued in terms of delivering customer-oriented laws and regulations.</p> <p>From a compliance perspective, the Group participate in regular meetings and communications with the UK Gambling Commission ('Commission'), as well as other regulatory bodies and authorities by whom we are licensed.</p> <p><i>2021/22 highlights across the Group</i></p> <ul style="list-style-type: none"> – Undertaken a programme of engagement with MPs and media during the year ahead of the anticipated UK Government's White Paper for gambling reform. – Scheduled a programme of MP visits to local constituency Grosvenor Casinos.

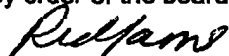
**RANK GROUP GAMING DIVISION LIMITED
STRATEGIC REPORT (CONTINUED)**

<p>understanding of the customer. Regulators also monitor the high standards by which we operate.</p>		<ul style="list-style-type: none"> – Attended and hosted at the Labour party and Conservative party conferences. – Executive appearances in front of a number of All-Party Parliamentary Groups, addressing representatives in Parliament in relation to the UK Government's review of the Gambling Act 2005. – The Group's Chair attended the Commission's chairs roundtables during the year. – Chief Executive attended a meeting held at the BGC offices with the Commission's CEO during the year. – Regular contact with officials in DCMS, including the current and former Gambling Minister, as we sought to articulate the case for legislative change that supports Rank's strategy. – Members of BGC, Bingo Association and JDigital – lobbyists. – Submitted Annual Assurance Statement to the Commission. – Worked on a transparent and collaborative basis with the Commission and our other regulators. – Responded to the Commission's consultation in relation to Licensing, Compliance and Enforcement Policy.
<p>Shareholders and Investors The Group adopt an open and transparent approach with our shareholders and analysts to communicate our performance and use their feedback to inform our strategy and decision-making.</p>	<ul style="list-style-type: none"> • Strategy, performance and outlook • Leadership capability • Executive remuneration • Corporate governance • ESG performance 	<p>The Group adopt a proactive approach to investor relations, conducting a comprehensive programme of regular contact and consultation throughout the year. The Group's Our investor relations programme includes regular updates, meetings, roadshows and our Annual General Meeting. The other key way in which we communicate with all shareholders is via the Group corporate website, www.rank.com.</p> <p><i>2021/22 highlights across the Group</i></p> <ul style="list-style-type: none"> – 38 meetings held with the Group's shareholders during the year, in addition to quarterly meetings held with the majority shareholder. – Chief Executive, Chief Financial Officer and Director of Investor Relations took part in a scheduled programme of major shareholder engagement to discuss interim and final year preliminary results and analysts following announcement of final preliminary results. – The Group's Chair and Senior Independent Director engaged with shareholders in response to specific meeting requests, which included discussions on ESG. – Consultation with the Group's major shareholders on the Recovery Incentive Scheme which was subsequently approved by the Group's shareholders at the 2021 AGM. – Received votes from 93.19% of shareholders for the 2021 AGM.
<p>Suppliers The Group have relationships with circa 1,200 suppliers, ranging from small businesses to</p>	<ul style="list-style-type: none"> • Robustness of our business • Long-term partnerships • Fair engagement and payment terms • Collaborative approach 	<p>The Group have a dedicated procurement function which engages with our suppliers with the aim of optimising the way that we work with them. We build relationships regionally and locally to better understand the markets from where we source products and services. These relationships and good communication were particularly important during the pandemic, both for the period for which our venues were closed, but also in relation to the collaboration required to implement closures and reopenings.</p>

**RANK GROUP GAMING DIVISION LIMITED
STRATEGIC REPORT (CONTINUED)**

<p>large multinational companies. We aim to operate to the highest professional standards, treating our suppliers as key business partners and operating in a fair and reasonable manner, encouraging supply chain transparency and promoting fair working conditions.</p>		<p><i>2021/22 highlights across the Group</i></p> <ul style="list-style-type: none"> - Worked with our suppliers to ensure a pragmatic approach to recovery from the pandemic. - Implemented new software solution to improve management of contract life cycles. - Implemented a refreshed supplier relationship management framework to support improved ways of working whilst driving value creation for both Rank and its partners. - Worked with suppliers to ensure smooth transition during platform migrations undertaken during the year. - Provided training to suppliers and contractors as appropriate when visiting our venues. - The Group's Modern Slavery Statement, which is submitted to the Board for approval each year, can be found on www.rank.com.
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By order of the board



Mr R. D. Harris
Director

Date: 30 November 2022

RANK GROUP GAMING DIVISION LIMITED

DIRECTORS REPORT

The Directors present their Report and Financial Statements for the year ended 30 June 2022.

Directors

The following were directors of the Company during the year and up to the date of these accounts:

Mr J.P. O'Reilly

Mr R.D. Harris (appointed 21 June 2022)

Mr S.J. Hay (appointed 31 December 2021, resigned 31 August 2022)

Mr W.J.S. Floyd (resigned 31 December 2021)

The Company is a limited company incorporated and domiciled in England and Wales.

Dividends

The Directors do not recommend the payment of a dividend (2021: £nil).

Going concern

The principal risks and uncertainties of the Company are managed at a Group level, with the Group's intra-group funding structure administered by the Group on behalf of individual companies within the Group.

The Directors have assessed going concern of the Company and conclude that they are dependent on the Group to provide support to reach that conclusion. As a member of the Group intra-funding structure, the Company has access to capital resources. In the unlikely event that such support is called upon, the Directors have assessed the willingness and ability to provide the level of financial support required from Rank Group Finance Plc, which manage the Group's treasury function. This assessment covers a period through to 30 November 2023 and the Directors are satisfied with the support available.

On this basis, and with Rank Group Finance Plc having confirmed in writing, in the event it is required, its intention to continue to support the Company for a period until 30 November 2023, the Directors consider it appropriate to adopt the going concern basis for preparing the financial information and in preparing the financial statements they do not include any adjustments that would be required to be made if they were prepared on a basis other than going concern.

Further detail on the Group's assessment of going concern can be found in the Directors' Report in the statutory accounts for Rank Group Finance Plc for the year ended 30 June 2022.

Human resources

The Company recognises that the contribution made by its employees is crucial to the success of the business. Substantial investment is therefore made in the training, development and motivation of employees with particular attention to ensuring customer satisfaction through the consistent achievement of high standards of service and delivery of quality products.

Employee involvement in the direction and objectives of the business is encouraged through the use of incentive schemes to focus employees on key performance indicators. In addition, communication and consultation programmes exist at site and Company level. The Company endorses the active application of equal opportunities policies and programmes to provide fair and equitable conditions for all employees regardless of sex, family status, religion, creed, colour, ethnic origin, age, disability or sexual orientation.

Future developments

Details of future developments are included in the Strategic Report on page 2.

Stakeholder engagement

Details of engaging with our stakeholders are included in the Strategic Report on pages 2 to 7.

Political donations

No political donations were made during the financial year (2021: £nil).

Research and development

The Company does not carry out any research and developing activities.

RANK GROUP GAMING DIVISION LIMITED DIRECTORS REPORT (CONTINUED)

UK Streamlined Energy and Carbon Reporting (SECR)

The Company elected to apply the full exemption available of disclosing information in relation to SECR. A full disclosure of UK SECR is available in the Group's ARA on pages 53 to 55, which is available at www.rank.com.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101)) 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;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in UK Generally Accepted Accounting Practice is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and final performance;
- state whether the financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements for the Company on the going concern basis, unless it is appropriate to assume that the Company will not continue in business, in which case there should be supporting assumptions or qualifications.

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.

Insurance and indemnities

Rank has arranged insurance cover in respect of legal action against the Directors of the Company. To the extent permitted by English law, the Company also indemnifies the Directors. Neither the insurance nor the indemnity provides cover in situations where a Director has acted fraudulently or dishonestly.

Financial instruments

The Company finances its activities with a combination of intercompany funding and cash at bank, details of which are disclosed in note 14. Other financial assets and liabilities arise directly from the Company's operating activities.

These financial instruments give rise to market, credit and liquidity risks. As a wholly owned subsidiary of Rank, many of these risks are combined on a Group basis and managed by a centralised treasury team. Details of the financial risk management objectives and policies of this centralised team are disclosed in note 22 of Group's ARA, which is available at www.rank.com.

Post balance sheet events

No post balance sheet events relating to the Company.

RANK GROUP GAMING DIVISION LIMITED
DIRECTORS REPORT (CONTINUED)

Auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that ought to have been taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

In accordance with s487(2) of the Companies Act 2006, Ernst & Young LLP will continue as auditors of the Company.

By order of the board



Mr R.D. Harris
Director

Date: 30 November 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RANK GROUP GAMING DIVISION LIMITED

Opinion

We have audited the financial statements of Rank Group Gaming Division Limited (the "Company") for the year ended 30 June 2022 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 June 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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.

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 to 30 November 2023.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RANK GROUP GAMING DIVISION LIMITED (CONTINUED)

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

Matters on which we are required to report by exception

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 material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 9, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the framework (FRS 101 and the UK Companies Act 2006), the relevant tax compliance regulations in the UK and the General Data Protection Regulation (GDPR).
- We understood how the Company is complying with those frameworks by making inquiries of management and those responsible for legal and compliance procedures to understand how the Company maintains and communicates its policies and procedures in these areas, and to understand the culture and whether there is a strong emphasis placed on fraud prevention, which may reduce opportunities for fraud to take place as well as fraud deterrence. We corroborated our enquiries through our inspection of Board minutes, review of any correspondence with relevant authorities for which there were none and made consideration of the results of our audit procedures performed to either corroborate or provide contrary evidence which was then followed up.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RANK GROUP GAMING DIVISION LIMITED (CONTINUED)

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved review of board minutes, enquiries with management and testing of manual journals identified by specific criteria.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, through internal team discussions and enquiry of management and those charged with governance. Through these procedures, we identified a fraud risk relating to impairment of long-lived assets due to the significance and magnitude of the carrying value of the assets being assessed and the level of management judgement required in the assumptions impacting the impairment assessment. We gained an understanding of the controls through a walkthrough of the process management has in place to assess impairment. We analysed managements' long term forecasts underlying the impairment review against pre-Covid-19 performance. In addition, we considered the forecasts against performance since reopening the venues post lock down and third party future economic forecasts incorporating the increase in cost of living impacting consumer spending for the UK economies. We corroborated forecasts to budgets approved by the Board. We reperformed calculations in the models to check mathematical accuracy. Critically challenged management's ability to forecast accurately through comparing actual performance against forecast performance and corroborating the reasons for deviations. We also performed sensitivity analysis on earnings multiples and weekly Net Gaming Revenue (NGR) for all cash generating units (CGUs) and growth rates applied to cash flows for certain CGUs to determine the parameters that - should they arise - may give a different conclusion as to the carrying values of assets assessed. The sensitivities performed were based on reasonable possible changes to key assumptions determined by management being revenue recovery post Covid-19, short-term growth rates, discount rate, EBITDA multiple and long-term growth rates. We have corroborated that the reasonable possible change assumptions applied by management are reasonable by comparing the underlying assumptions to external data such as economic and industry forecasts. We reperformed the models to ensure that there were correctly calculated. We have assessed assumed future costs to third party projections on inflation, cost of energy and wages. For partially impaired assets we considered the sensitivity of changes in forecasts against current trading and budgeted trading and the sensitivity of either further impairments or impairment reversals and where material, ensured that the impact of this consideration was adequately disclosed in the sensitivities. Assessed the headroom on the recoverable amount between the calculated value in use and carrying value of the CGUs to ensure disclosures of the impact of reasonably possible changes in assumptions and the impact on the carrying value of assets was adequate. For the right-of-use assets, we tested that the assets had been appropriately allocated to the correct cash generating unit and that a value in use calculation was performed in line with IAS 36. Additionally, we validated that material changes to the right-of-use asset in the period were appropriate.
- As the gaming industry is highly regulated, we have obtained an understanding of the regulations and the potential impact on the Company and in assessing the control environment we have considered the compliance of the Company to these regulations as part of our audit procedures, which included a review of correspondence received from the regulator.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.

Ernst & Young LLP

Emily Butler (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
Date: 30 November 2022

RANK GROUP GAMING DIVISION LIMITED
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Note	Year ended 30 June 2022			Year ended 30 June 2021		
		Underlying £000	Separately disclosed items (note 2) £000s	Total £000s	Underlying £000	Separately disclosed items (note 2) £000s	Total £000s
Revenue		-	-	-	-	-	-
Other operating costs	2	(1,501)	(24,314)	(25,815)	(1,659)	-	(1,659)
Operating loss	2	(1,501)	(24,314)	(25,815)	(1,659)	-	(1,659)
Interest receivable	3	29	-	29	34	-	34
Interest payable	3	(115)	-	(115)	(53)	-	(53)
Net interest payable	3	(86)	-	(86)	(19)	-	(19)
Loss from ordinary activities before taxation		(1,587)	(24,314)	(25,901)	(1,678)	-	(1,678)
Taxation	4	342	-	342	138	-	138
Loss for the period		(1,245)	(24,314)	(25,559)	(1,540)	-	(1,540)

All results are from continuing operations.

STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED 30 JUNE 2022

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Loss for the period	(25,559)	(1,540)
Total comprehensive loss for the period	(25,559)	(1,540)

The notes on pages 17 to 29 are an integral part of these financial statements.

RANK GROUP GAMING DIVISION LIMITED
BALANCE SHEET AS AT 30 JUNE 2022

	Note	At 30 June 2022 £'000	At 30 June 2021 £'000
Fixed assets			
Right-of-use assets	5	565	915
Deferred tax	7	151	182
Investment in subsidiaries	6	97,658	121,972
		<u>98,374</u>	<u>123,069</u>
Current assets			
Other receivables	8	1,873	1,448
Corporation tax receivable	7	726	372
Cash at bank and in hand		322	128
		<u>2,921</u>	<u>1,948</u>
Payables: amounts falling due within one year			
Trade and other payables	9	(4,894)	(643)
Lease liability	10	(1,187)	(2,931)
		<u>(6,081)</u>	<u>(3,574)</u>
Net current liabilities		<u>(3,160)</u>	<u>(1,626)</u>
Total assets less current liabilities		<u>95,214</u>	<u>121,443</u>
Payables: amounts falling due after more than one year			
Lease liability	10	-	(630)
Deferred tax	7	(1,706)	(1,724)
		<u>(1,706)</u>	<u>(2,354)</u>
Provisions	11	(78)	(100)
Net assets		<u>93,430</u>	<u>118,989</u>
Shareholder's equity			
Share capital	12	1,000	1,000
Retained earnings		92,430	117,989
Total equity		<u>93,430</u>	<u>118,989</u>

The notes on pages 17 to 29 are an integral part of these financial statements.

These accounts were approved by the board on 30 November 2022 and signed on its behalf by:



Mr R.D. Harris
Director

Company Registration No. 3213743

RANK GROUP GAMING DIVISION LIMITED
STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2022

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 July 2020	1,000	119,529	120,529
Total comprehensive loss			
Results for the period	-	(1,540)	(1,540)
At 30 June 2021	<u>1,000</u>	<u>117,989</u>	<u>118,989</u>
Total comprehensive loss			
Result for the period	-	(25,559)	(25,559)
At 30 June 2022	<u>1,000</u>	<u>92,430</u>	<u>93,430</u>

The notes on pages 17 to 29 are an integral part of these financial statements.

RANK GROUP GAMING DIVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General Information and Accounting policies

Rank Group Gaming Division Limited is a private Company limited by shares, resident and incorporated in the United Kingdom and with a registered address of TOR, Saint-Cloud Way, Maidenhead, Berkshire, SL6 8BN.

The principal activity of the Company throughout the period was that of an intermediary holding company.

The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

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

The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare and deliver group accounts. Accordingly, the financial statements present information about the Company as an individual undertaking and not about its group.

A Basis of preparation

The financial statements are prepared in accordance with Financial Reporting Standards 101 'Reduced Disclosure Framework' and accordance with the Companies Act 2006. The Company has taken advantage of the following disclosure exemptions under FRS101:

- The requirements of IAS7 'Statement of Cash Flows';
- The requirements of paragraph 17 of IAS24 'Related Party Disclosures';
- The requirements in IAS24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- The requirements of paragraph 45(b) and 46-52 of IFRS2 'Share Based Payments';
- The requirements of IFRS7 'Financial Instruments: Disclosures';
- The requirements of paragraph 134(d) – 134(f) and 135(c) – 135(e) of IAS36 'Impairment of Assets';
- The requirements of paragraphs 10(d) and 134 – 136 of IAS1 'Presentation of Financial Statements'; and
- The requirements of paragraph 38 of IAS1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 73(e) of IAS16 'Property, Plant and Equipment', and paragraph 118(e) of IAS38 'Intangible Assets'
- The requirements of paragraph 52 and paragraphs 90,91 and 93 of IFRS 16 Leases
- The requirements of paragraphs 91 – 99 of IFRS13 'Fair Value Measurement'

The results of the Company, along with the equivalent disclosures in respect of the exemptions listed above are included in the consolidated Group ARA, details of which are contained in note 15.

The financial statements have been prepared under the historical cost convention.

B Changes in accounting policy and disclosures

((a) Standards, amendments to and interpretations of existing standards adopted by the Company

Several new, and amendments to existing standards and interpretations, issued by the IASB, were effective from 1 July 2021 and have been adopted by the Company during the period with no significant impact on the results or financial position of the Company.

(b) Standards, amendments to and interpretations of existing standards that are not yet effective

The Company has not early adopted any standard, amendment or interpretation that was issued but is not yet effective.

C Going concern

The principal risks and uncertainties of the Company are managed at a Group level, with the Group's intra-group funding structure administered by the Group on behalf of individual companies within the Group.

The Directors have assessed going concern of the Company and conclude that they are dependent on the Group to provide support to reach that conclusion. As a member of the Group intra-funding structure, the Company has access to capital resources. In the unlikely event that such support is called upon, the Directors have assessed the willingness and ability to provide the level of financial support required from Rank Group Finance Plc, which manage the Group's treasury function. This assessment covers a period through to 30 November 2023 and the Directors are satisfied with the support available.

RANK GROUP GAMING DIVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

On this basis, and with Rank Group Finance Plc having confirmed in writing, in the event it is required, its intention to continue to support the Company for a period until 30 November 2023, the Directors consider it appropriate to adopt the going concern basis for preparing the financial information and in preparing the financial statements they do not include any adjustments that would be required to be made if they were prepared on a basis other than going concern.

Further detail on the Group's assessment of going concern can be found in the Directors' Report in the statutory accounts for Rank Group Finance Plc for the year ended 30 June 2022.

D Accounting estimates and judgements

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions. 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 accounting judgements

The following are the critical accounting judgements, apart from those involving estimates (which are dealt with separately below) that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Separately disclosed items ('SDIs')

The Company separately discloses certain costs and income that impair the visibility of the underlying performance and trends between periods. The SDIs are material and infrequent in nature and/or do not relate to the underlying business performance. Judgement is required in determining whether an item should be classified as an SDI or included within the underlying results.

SDI include (but are not limited to):

- Amortisation of acquired intangible assets;
- Profit or loss on disposal of businesses;
- Costs or income associated to the closure of venues;
- Acquisition and disposal costs including changes to deferred or contingent consideration;
- Impairment charges;
- Reversal of impairment charges;
- Property related provisions;
- Restructuring costs as part of an announced programme;
- Retranslation and remeasurement of foreign currency contingent consideration;
- Discontinued operations; and
- Tax impact of all the above.

For further detail of those items included as SDIs, refer to note 2.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Estimated impairment or subsequent reversal of previous recognised impairment for non-financial assets

Details of the Company's accounting policy in relation to impairments and impairment reversals are disclosed in part G of this note.

The application of the policy requires the use of accounting estimates in determining the recoverable amount of cash-generating units to which the non-financial assets are associated. The recoverable amount is the higher of the fair value less costs of disposal and value in use. Estimates of fair value less costs of disposal are performed internally by experienced senior management supported by knowledge of similar transactions and advice from external experts or, if applicable, offers received. Value in use is calculated using estimated cash flow projections from strategic plans and financial budgets, discounted by selecting an appropriate rate for each cash-generating unit.

RANK GROUP GAMING DIVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Consistent with the prior year, the Company has assessed the continuing impact of COVID-19 risk into the impairment testing of non-financial assets and included additional sensitivity analysis in the disclosures. The key judgement is the level of trading in the venues and its recovery following reopening, overall macroeconomic conditions and its impact on estimated future cashflows.

The Company also tests annually the carrying value of its investments in subsidiaries. The application of this policy requires the use of estimates and judgements in determining the recoverable amount of the subsidiary undertakings. The recoverable amount is determined by applying an estimated valuation multiple to budgeted future earnings and deducting estimated costs of disposal (fair value less costs of disposal) and/or by using discounted cash flows (value in use), along with consideration of the underlying net assets and market capitalisation and is disclosed in note 14.

E Leases

The Company leases various properties and equipment. Rental contracts are made for various fixed periods. 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, but leased assets may not be used as security for borrowing purposes.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Variable lease payments that are not based on an index or a rate are not part of the lease liability, but they are recognised in the income statement when the event or condition that triggers those payments occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets, where applicable, 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; and
- Any initial direct costs.

The depreciation period for the right-of-use asset is from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset, as follows:

- Land and buildings up to 32 years
- Fleet and machinery up to 5 years

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably

RANK GROUP GAMING DIVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Company as a lessee.

Where appropriate the Company will sub-let properties which are vacant in order to derive finance lease income, which is shown net of lease costs.

F Investments

Investment in subsidiaries are held at cost less impairment and are tested annually for impairment.

An impairment loss is recognised for the amount by which the investment's carrying amount exceeds the valuation of the subsidiary in which the investment is held.

If an impairment loss is recognised, the carrying amount of the investment is reduced to match the valuation of the subsidiary in which the investment is held. An impairment loss is recognised as an expense in the income statement immediately. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised valuation of the subsidiary in which the investment is held, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been recognised had no impairment loss been recognised for the investment in prior years.

G Impairment or subsequent reversal of previous recognised impairment for non-financial assets

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 or where they indicate a previously recognised impairment may no longer be required.

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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). The expected cash flows generated by the assets are discounted using appropriate discount rates that reflect the time value of money and risks associated with the group of assets.

If an impairment loss is recognised, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an exceptional expense in the income statement immediately.

Any impairment is allocated pro-rata across all assets in a cash generating unit unless there is an indication that a class of assets should be impaired in the first instance or a fair market value exists for one or more assets. Once an asset has been written down to its fair value less costs to sell then any remaining impairment is allocated equally amongst the remaining assets.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as exceptional income immediately.

H Taxation

(a) Current tax

Current tax is applied to taxable profits at the prevailing tax rate for the year.

(b) Deferred tax

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the bases of assets and liabilities and their carrying amount in the financial statements. However, if deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. 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 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 differences can be utilised.

RANK GROUP GAMING DIVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company only holds financial assets that are classified and measured at amortised cost.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes other receivables and cash.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party.

Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For other receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company assesses this based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment.

J Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

RANK GROUP GAMING DIVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Company's financial liabilities include trade and other payables.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

K Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the best estimate of the expenditures required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are possible obligations and present obligations that are not probable or not reliably measurable. Contingent liabilities are disclosed but not accounted. However, disclosure is not required if payment is remote.

L Share Capital

Ordinary shares are classified as equity.

M Dividends

Dividends proposed by the Board of Directors and unpaid at the period end are not recognised in the financial statements until they have been approved by shareholders at the Annual General Meeting. Interim dividends are recognised when paid.

N Interest Income/(expense)

Interest Income/(expense) is recognised using the effective interest rate method. In calculating interest income/(expense), the effective interest rate is applied to the gross carrying amount of the asset, when the asset is not impaired or to the amortised cost of the liability for interest expense. For financial assets that have been impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired the interest income calculation reverts to the gross carrying amount.

RANK GROUP GAMING DIVISION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

O Separately disclosed items ('SDIs')

The Company separately discloses those items which are required to give a full understanding of the Company's financial performance and aid comparability of the Company's results between periods. Exceptional items are considered by the Directors to require separate disclosure due to their size or nature in relation to the Company.

2. Operating loss for the year

The following items have been charged in arriving at the continuing operating loss for the year:

	Note	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Depreciation of right-of-use assets	5	350	365

The audit fee of £2k (2021: £2k) is borne by fellow group subsidiary undertakings Rank Leisure Holdings Limited.

The analysis of the separately disclosed items during the year is as follows:

	Note	Year ended 30 June 2022 £000	Year ended 30 June 2021 £000
Continuing operations:			
Impairment on investments		24,314	-

During the year, the Company recognised impairment charges of £24.3m relating to its investment in Mecca clubs. The impairments were recognised for various reasons, including lower than anticipated performance post-pandemic, low level of forecast earnings, or a decision to close venues.

3. Interest

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Interest payable:		
Lease interest payable	(29)	(53)
Interest payable to Group companies	-	-
Total interest payable	(29)	(53)
Interest receivable:		
Interest receivable from Group companies	50	4
Interest income on net investments in leases	65	30
Total interest receivable	115	34
Total net interest payable	86	(19)

RANK GROUP GAMING DIVISION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Taxation

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Current tax:		
UK corporation tax on losses of the period	286	334
Adjustment in respect of prior years	68	21
Total current tax	354	355
Deferred tax:		
Origination and reversal of timing differences	(9)	(21)
Restatement of deferred tax due to rate change	(3)	(365)
Adjustment in respect of prior years	-	169
Total deferred tax	(12)	(217)
Tax credit in the income statement	342	138

The tax on the Company's loss before tax differs from the standard rate of UK corporation tax of 19.00% (2021: 19.00%). The differences are explained below.

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Loss on ordinary activities before tax	(25,901)	(1,678)
Loss before tax multiplied by the standard rate of UK Corporation tax of 19.00% (2021: 19.00%)	4,921	319
Effects of:		
Expenses not deductible for tax purposes	(4,644)	(6)
Restatement of deferred tax due to rate change	(3)	(365)
Adjustment in respect of prior years	68	190
Tax credit in the income statement	342	138

On 3 March 2021, the Chancellor of the Exchequer announced the increase in the main rate of UK corporation tax from 19.00% to 25.00% for the year starting 1 April 2023. This change was substantively enacted on 24 May 2021.

The rate change will also impact the amount of the future cash tax payments to be made by the Company.

RANK GROUP GAMING DIVISION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Right-of-use assets

	Right-of-use fleet and machinery £000
Cost	
At 30 June 2021	1,646
At 30 June 2022	1,646
Aggregate depreciation and impairment	
At 1 July 2021	(731)
Charge for the year	(350)
At 30 June 2022	(1,081)
Net book value	
At 30 June 2021	915
At 30 June 2022	565

6. Investment in subsidiaries

	Total £'000
Cost	
At 30 June 2021	125,372
At 30 June 2022	125,372
Aggregate impairment	
At 30 June 2021	(3,400)
Charge for the year	(24,314)
At 30 June 2022	(27,714)
Net book value at 30 June 2021	121,972
Net book value at 30 June 2022	97,658

The Company owns directly 100% of the issued share capital and voting rights of the following companies:

Name	Country of Incorporation	Principal activities	Registered office address
Mecca Bingo Limited	England and Wales	Social and bingo clubs	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Rank Leisure Limited	England and Wales	Adult gaming centres in Mecca and Grosvenor Casinos venues	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Luda Bingo Limited	England and Wales	Dormant	TOR, Saint-Cloud Way, Maidenhead SL6 8BN

The principal activities are carried out in the country of incorporation as indicated above. All subsidiary undertakings have a 30 June year end.

During the year, the Company recognised impairment charges of £24.3m relating to its investment in Mecca clubs. The impairments were recognised for various reasons, including lower than anticipated performance post-pandemic, low level of forecast earnings, or a decision to close venues. Details of the impairment review process are disclosed in the Note 14 of the Group ARA.

RANK GROUP GAMING DIVISION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Deferred tax

Deferred tax is included in the balance sheet as follows:

	At 30 June 2022 £'000	At 30 June 2021 £'000
Deferred tax asset		
Accelerated capital allowance	151	182
Deferred tax liability		
Right of use assets	(1,706)	(1,724)

The deferred tax liability movement on the balance sheet is as follows:

	At 30 June 2022 £'000	At 30 June 2021 £'000
At 1 July	(1,542)	(1,325)
Deferred tax charge in the income statement	(12)	(217)
Deferred tax charge in reserves	-	-
At 30 June	(1,554)	(1,542)

The deferred tax included in the income statement is as follows:

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Accelerated capital allowances	(31)	182
Right-of-use assets	19	(399)
Deferred tax charge in the Income statement	(12)	(217)

8. Other receivables

	At 30 June 2022 £'000	At 30 June 2021 £'000
Other receivables	1,577	1,209
Prepayments and accrued income	122	239
VAT Debtor	174	-
Amounts falling due within one year	1,873	1,448
Other receivables	-	-
Amounts falling due after more than one year	-	-

The carrying values of other receivables are assumed to approximate to their fair value due to the short-term nature of the receivables.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables disclosed above. The Company does not hold any collateral as security.

RANK GROUP GAMING DIVISION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Trade and other payables

	At 30 June 2022 £'000	At 30 June 2021 £'000
Trade payables	1,550	-
Amounts owed to fellow subsidiary undertakings	2,149	361
Amounts owed to parent	726	-
Other tax and social security payable	113	175
Accruals	356	107
Current	4,894	643
Other payables	-	-
Non-current	-	-

Due to the short-term nature of these payables the carrying value equates to the contractual amount due as the impact of discounting is not considered material. The Company has provided no collateral as security.

10. Leases

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Year ended 30 June 2022 £000
As at 1 July 2021	3,561
Additions	332
Accretion of interest	65
Payments	(2,771)
As at 30 June 2022	1,187
Current liabilities	1,187
Non-current liabilities	-
Total	1,187

The maturity analysis of lease liabilities is disclosed below:

	As at 30 June 2022	As at 30 June 2022
	Present value of the minimum lease payments £000	Total minimum lease payments £000
Within 1 year	1,187	1,194
After 1 year but within 2 years	-	-
After 2 years but within 5 years	-	-
After 5 years	-	-
	1,187	1,194
Less: total future interest expenses		(7)
Present value of lease liabilities		1,187

RANK GROUP GAMING DIVISION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The following are the amounts recognised in the income statement:

	Year ended 30 June 2022 £000
Depreciation expense of right-of-use assets	350
Interest expense on leases	29
Total amount recognised in Income statement	379

11. Provisions

	Restructuring provision £000
At 1 July 2021	100
Utilised in the year	(22)
At 30 June 2022	78

	At 30 June 2022 £000	At 30 June 2021 £000
Current	78	100
Non-current	-	-
Total	78	100

Provision relates to the restructuring provision created in 2018 when the Company undertook a strategic review of the organisation to improve customer service and simplify operations. During the year, the Company utilised £22k (2021: £nil) of the provision.

12. Share capital

	At 30 June 2021 £'000	At 30 June 2021 £'000
Authorised		
100,000,000 ordinary shares of £1 each	100,000	100,000
55,531 A shares of £1 each	56	56
	100,056	100,056
Issued and fully paid		
944,469 ordinary shares of £1 each	944	944
55,531 A shares of £1 each	56	56
	1,000	1,000

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

A shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

13. Employees and directors

There were no employees of the Company during the year (2021: nil).

RANK GROUP GAMING DIVISION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The payment of Director's emoluments in respect of their qualifying services are borne by another company within the Group and makes no recharge to the Company.

All key management are Directors of the Company.

14. Financial assets and liabilities

The accounting policies for financial assets have been applied to the line items below:

	Other financial assets	
	At 30 June 2022 £'000	At 30 June 2021 £'000
Other receivables	1,699	226
Cash at bank and in hand	322	128
Total	2,021	354

The accounting policies for financial liabilities have been applied to the line items below:

	Other financial liabilities	
	At 30 June 2022 £'000	At 30 June 2021 £'000
Trade and other creditors	4,781	107
Total	4,781	107

15. Parent undertakings and related party transactions

The Company's immediate parent company is Rank Leisure Holdings Limited a company incorporated and registered in England and Wales.

GuoLine Capital Assets Limited ('GuoLine'), which is a company incorporated in Jersey, is the parent undertaking of the largest group to consolidate these financial statements. The Rank Group Plc ('Rank Group') is the parent undertaking of the smallest group in consolidate these financial statements. Copies of Rank Group's Annual Report can be obtained from www.rank.com or by written request to the Company Secretary at The Rank Group Plc, TOR, Saint-Cloud Way, Maidenhead, Berkshire, SL6 8BN.

16. Contingent liabilities

Concurrent to a sale and leaseback transaction in 2006, the Company transferred the rights and obligations but not the legal titles of a number of property leases to a third party. The Company remains potentially liable in the event of default by the third party. Should default occur then the Company would have recourse to two guarantors. It is understood that, of the leases transferred, 3 of these have not expired or been surrendered. These leases have durations of between 1 year and 3 years and a current annual rental obligation (net of sub-let income) of approximately £nil (2021: £nil).