

GENTING UK PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY REGISTRATION NUMBER: 01519749



GENTING UK PLC
FOR THE YEAR ENDED 31 DECEMBER 2021

Contents

	Page(s)
Strategic report for the year ended 31 December 2021	1-4
Directors' report for the year ended 31 December 2021	5-7
Independent auditors' report to the members of Genting UK plc	8-10
Consolidated Income Statement for the year ended 31 December 2021	11
Consolidated Statement of Comprehensive Income for the year ended 31 December 2021	12
Consolidated and Company Balance Sheets as at 31 December 2021	13
Consolidated and Company Statements of Cash Flows for the year ended 31 December 2021	14
Consolidated and Company Statements of Changes in Equity for the year ended 31 December 2021	15
Notes to the Financial Statements for the year ended 31 December 2021	16-50

GENTING UK PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report on the Group for the year ended 31 December 2021.

Principal Activities and Business Review

During the year, the principal activity of the Group was the operation of leisure and entertainment businesses, primarily casinos.

Genting UK is one of the leading casino operators in the UK, with its ownership of 55 of the total of 154 operating UK casino licenses as at 31 December 2021, in addition to a casino in Cairo. The Genting UK portfolio also includes Resorts World Birmingham, the first integrated destination leisure complex in the UK, comprising a casino, a 182-room four-star hotel and spa, outlet shops, leisure facilities and a range of bars and restaurants.

The UK casino and hospitality industries continued to face an unprecedented challenge in 2021 due to the ongoing global Covid-19 pandemic. Land-based operations for Genting UK, which represented over 90% of revenue, were mandated to close until Q2 as the UK entered a 2nd national lockdown. As during the previous lockdown, the immediate focus during this time was to preserve cash and utilise UK Government support. During the year the Group received £13.6m (2020: £27.9m) of support through the UK Government Coronavirus Job Retention Scheme ("CJRS").

The business reopened in stages as restrictions were lifted from April, allowing part of Resorts World Birmingham to reopen to the public. Most land-based casino operations reopened on 17th May 2021 when restrictions on indoor hospitality were lifted.

Upon reopening in May, our UK casino divisions performed strongly, with a rapid return of revenues and increased profitability. In the 'Core' casino business (i.e. the 26 operating casinos outside of London), Gross Gaming Revenue averaged 95% of pre-pandemic levels during the second half of the year. In London, where Genting UK operates four casinos (excluding Crockfords), player volumes were robust, despite various international travel restrictions throughout the year. Crockfords, Genting UK's prestigious Mayfair casino, remained closed throughout 2021 due to the low levels of international travel.

Resorts World Birmingham performed strongly upon reopening after lockdown as UK consumer confidence rapidly returned. Whilst visitor numbers were down during the summer months compared to pre-pandemic levels, the Genting Hotel & Spa benefited from an increase in UK 'staycations' and revenues from retail, bars and leisure were also ahead of expectations. Events at the Resorts World Birmingham arena and nearby exhibition centre returned in Q4 resulting in an increase in footfall and revenue.

In August 2021, Genting UK made a strategic decision to close its online gaming operation, GentingBet.Com, and partner with a white-label operator to provide online gaming under the Genting brand. Genting UK also sold its wholly owned online subsidiary, Authentic Gaming for a total consideration of £37m.

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

The board of directors of Genting UK plc is responsible and accountable for the Group's operations. A strong and experienced senior management team implements the policies and directions set by the board.

During the year management has reviewed the carrying values of gaming licences, property, plant and equipment and right-of-use assets and accordingly a net impairment charge of £3.7m has been recognised, comprising impairment charges of £4.1m offset by the reversal of previous impairment charges of £0.4m (2020: £61.2m) (see note 8A and 9A).

Results and dividends

Group revenue from continuing operations increased by 74% to £178.0m in the year (2020: £102.2m), with revenue in the Core division of £80.8m (up 53%), High End of £78.4m (up 119%) and RWB of £18.5m (up 39%). Gross profit before exceptional items for the Group was £0.6m compared to a gross loss in 2020 of £49.2m. The Group made an operating profit from continuing operations of £32.5m (2020: £130.7m loss) for the year, after net exceptional income of £32.9m (2020: £73.9m costs). The loss before tax and exceptional items from continuing operations was £17.1m (2020: £71.1m).

Included within exceptional items for the year is £19.2m in respect of the Group's claim for a refund of VAT paid on takings from gaming machines on the basis the grounds of the claim have been established by the successful First-Tier Tribunal ruling in favour of the taxpayer in the year. Full details are included within note 3 to the financial statements.

The Group recorded an overall loss for the financial year of £8.6m (2020: £150.1m). This loss, combined with an actuarial gain (net of deferred taxation) of £3.2m (2020: £1.9m loss), cash flow hedging gains of £1.1m (2020: £0.3m loss) offset by an FX gain on translation of £nil (2020: gain £0.3m) has resulted in a decrease in the Group's net assets from £224.4m at 31 December 2020 to £220.1m at 31 December 2021.

The directors do not recommend payment of a dividend (2020: £nil).

GENTING UK PLC
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Future Developments

The focus of the Group over the coming year will be the stabilisation and recovery of the Group's position following the impact of COVID-19, and the reopening of the Crockfords casino in Q2. The longer term focus will be on increasing market share in both the Core and London Premium/Mass markets, and improving business efficiency. The Group will also focus on growing revenue and profitability of RWB by expanding its leisure offering.

Key Performance Indicators

The directors consider the key performance indicators to be attendance and average spend per customer. Total number of casino attendances in the year increased by 26% to 1,392,000 as a result of fewer restrictions following the COVID-19 national lockdown. Average casino spend per customer in the year increased by 51% to £516, due mainly to higher volumes in our premium casinos in London.

Post Balance Sheet Events

There are no post balance sheet events to report

Stakeholder Engagement and Section 172(1) Statement

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

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

The directors also take into account the interests and views of our regulator when making decisions. We have set out in the table below the key stakeholders of the Group, their primary interests in relation to the Group's operations and how such stakeholders are engaged with by the directors and at an operational and Group level.

Stakeholder	Interests	How we engage
Employees The success of the Group is dependent on the output of employees. It is therefore important the Group has in place the best possible environment for its employees to perform.	<ul style="list-style-type: none"> • Good working environment • Development opportunities • Inclusion and opportunity to make a difference. 	The Group engages with its employees in a variety of ways including a whistleblowing policy. Further information can be found in the directors' report on page 5.
Customers The nature of the Group's operations is focussed on supplying services to customers. The success of the Group would therefore not be possible without an understanding of the customer base and tailoring the services provided to their interests.	<ul style="list-style-type: none"> • Responsible practices • Premier locations • Quality service • Good facilities 	The Group regularly engages its customers on a day-to-day basis through informal oral feedback, customer satisfaction surveys and market research. The Group received a level 3 safer gambling standard accreditation from Gamcare in the prior year which is reflective of the safer gambling measures in place at the Group for the benefit of its customers.
Suppliers The Group is dependent on its supplier to provide timely delivery of goods and services in order to maximise the quality of services it provides to its customers.	<ul style="list-style-type: none"> • Strong business relationships • Open and fair business terms • Prompt payment 	Supplier relationships are managed by a named individual within the applicable Group department who acts as a point of contact for the supplier. The Group has a dedicated legal team who advise the Group on contracts of substance with emphasis on achieving a fair and balanced business relationship. There is also a streamlined payment process in place to ensure payments are made on time and this is reflected in payment practice reports submitted by the Group.
Regulators As a responsible gambling operator, we are committed to engaging constructively with our regulators to ensure that the services we offer are both compliant and in keeping with the spirit of regulation.	<ul style="list-style-type: none"> • Compliance • Operational transparency • Pro-active involvement 	We communicate with our regulators on an ongoing basis and attend workshops and other events hosted by either the regulators or other industry stakeholders.

GENTING UK PLC
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Local Communities The Group recognises that its operations may have an impact the local community.	<ul style="list-style-type: none"> • Fundraising • Involvement 	At each gambling premises, the Group has in place a local area risk assessment and regularly conducts charity work in support of CHIPS Charity. Further information on the Group's approach to corporate social responsibility can be found in the directors' report on page 5.
Shareholders Ultimately all actions taken by the Group are for the benefit of the shareholders a whole.	<ul style="list-style-type: none"> • Increase in value • Maintenance of Group reputation 	The Group is privately owned so there is often both formal and informal communications between the Group and its direct / indirect shareholders. The Group also calls shareholder meetings or circulates shareholder written resolutions where a shareholder decision is required in accordance with the Companies Act 2006.

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

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

Principal Decision	Examples of Stakeholder Consideration
Disposal of Authentic Gaming	<ul style="list-style-type: none"> • Shareholders – Following a change in digital strategy, the Group's investment in Authentic Gaming was deemed a non-core asset. The disposal of the subsidiary recognised a significant profit for the Group and increased shareholder value
Closure of GentingBet	<ul style="list-style-type: none"> • Shareholders – Following a period of sustained losses, the Group's decision to close GentingBet and partner with a white-label operator was taken in the interest of limiting losses and increasing shareholder value • Employees – the Group's decision to cease its online operations had a direct impact on employees located in both the UK and Malta. All impacted employees were consulted through the Group's redundancy process.
Use of Coronavirus Job Retention Scheme ("CJRS") Government Funding	<ul style="list-style-type: none"> • Employees – the Group's use of CJRS funding helped to safeguard viable jobs. • Shareholders – the Group's decision to utilise CJRS Funding was taken in the long-term interest of the Group's ability to continue to trade profitably in the future.

Principal Risks and Uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group are considered to relate to COVID-19, competition, high roller activity, the taxation regime, and the regulatory framework.

Trends and risks are the focus of monthly management meetings where performance is reviewed against budget and the prior year. Regulations are constantly monitored to ensure any adverse impacts are minimised and managed. The Group aims to offset competitive forces with an emphasis on customer services.

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

Financial Risk Management

The Group's approach to financial risk management is detailed in the accounting policies on page 25.

GENTING UK PLC
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Treasury Policy

Where there is a legal right of offset, the Group makes offsetting arrangements, whereby cash surpluses are offset against overdrafts elsewhere in the Group.

Draw downs on revolving credit facilities are controlled centrally for varying periods depending on market rates and cash flow projections.

The Group is exposed to interest rate risk on borrowings and limited exchange rate risk within working capital. Where appropriate, the Group uses interest rate and exchange rate instruments to achieve what it considers to be a balanced risk profile.

Details of the Group's financing arrangements are included in note 17 to the financial statements.

Environment

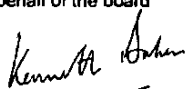
Although the Group is considered to have low environmental risks, it recognises that the business does have an impact on the environment.

	2021	2020
Total energy consumption (kwh)	34,743,202	33,890,385
Greenhouse Gas emissions (tCO ₂ e)	7,417	7,704
Intensity Ratio (Gaming Revenue - tCO ₂ e per £m)	46.1	86.6

This report was calculated using the methodology set out in Environmental Reporting Guidelines published by the UK Government. Emissions factors are taken from the UK Government emissions factor update.

The Group is committed to developing methods of working which are environmentally responsible. Energy and water conservation and effective waste management continue to be a central focus.

On behalf of the board



Rt. Hon Lord Kenneth Baker
Director
23 February 2022

GENTING UK PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2021.

Matters of Strategic Importance (Future Developments and Financial Risk Management)

Details of future developments, environmental matters and financial risk management are provided in the strategic report on page 1 and 4 under s414c(11).

Dividends

The directors do not recommend payment of a dividend (2020: £nil).

Post Balance Sheet Events

There are no post balance sheet events to report

Directors

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

Tan Sri Kok Thay Lim
Dato' Sri Choong Yan Lee
Keong Hui Lim
Rt. Hon Lord Kenneth Baker

Corporate Social Responsibility

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

Genting UK plc actively promotes and supports responsible gaming. In advocating responsible gaming in our casinos, we continue to disseminate information on responsible gaming through printed and online channels. As a responsible member of the casino gaming industry, we are resolutely committed to the development of awareness, prevention and counselling programmes for problem and underage gambling, both on our premises and in the wider community in which we operate.

Genting UK plc is an active contributor to the Responsible Gambling Trust, which funds research and education into problem gambling in the UK. In addition, the Group supports the work of Gamcare, a registered charity, and publicises the services they offer to individuals with gambling problems. The Group expects to make a donation to the Responsible Gambling Trust of 0.1% of Gross Gaming Revenue ('GGR') in 2022, which is consistent with previous years.

Health and Safety

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

Engagement with Employees

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

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

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

GENTING UK PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Engagement with Other Stakeholders

The Company has included its statement on engagement with other stakeholders and how the directors have regard for their duties under Section 172 of the Companies Act 2006 in the strategic report on page 2.

Corporate Governance

The main activity of Genting UK plc is to provide strategic direction to the Group. The Group's activities are primarily within the leisure and entertainment sector and mostly focussed in the gambling industry.

Genting UK plc has not currently adopted a specific corporate governance code but rather has developed corporate governance practices organically in order to best place the Group to address the unique challenges posed by the gambling industry. This statement represents a summary of Genting UK plc's current practices.

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

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

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

At meetings, the board are presented with reports from the Group's executive management team including the President & Chief Operating Officer and Chief Financial Officer. One section of board meetings is reserved for strategic and planning matters during which the board are updated on and invited to consider possible future opportunities for Group innovation and entrepreneurship. This makes sure that the board is both fully informed and is in a position to take decisions which both preserve and create value for the Group and assists achievement of the long-term sustainable success of the Group.

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

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

Executive management remuneration for Group is set by the board.

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

Going Concern

The directors have prepared and approved operational budgets and cashflow forecasts that are sufficient to demonstrate the group can continue as a going concern in light of the continued pressures on trade as a result of COVID-19.

Notwithstanding the fact that the Group has net current liabilities amounting to £7.1m (2020: £44.7m) the directors have prepared the financial statements on a going concern basis as the Group has received confirmation from Genting Malaysia Berhad of its intention to continue its financial support for a period of at least 12 months from the approval of these financial statements.

Directors' Indemnity Insurance

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

GENTING UK PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Exceptional Items

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

General Information

The Company is a public company, limited by shares, which is incorporated and domiciled in the United Kingdom. The registered office is Genting Club, Star City, Watson Road, Birmingham, England, B7 5SA. The registration number is 01519749.

The immediate parent undertaking is Genting International Investment (UK) Limited. The ultimate parent undertaking and controlling party is Genting Berhad, a company incorporated in Malaysia and whose shares are listed on the Bursa Malaysia.

Overseas Branches

The Group has an overseas branch in Egypt which operates a casino in Cairo. The results of this branch are included within these consolidated financial statements.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic and Directors' Reports and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and company financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the group and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group and company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

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

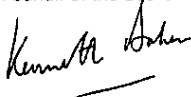
In the case of each director in office at the date the directors' report is approved:

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

Independent Auditors

The auditors, RSM UK LLP, were appointed in the year and have indicated their willingness to continue in office and will be proposed for reappointment.

On behalf of the board



Rt. Hon Lord Kenneth Baker
Director
23 February 2022

GENTING UK PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENTING UK PLC

Opinion

We have audited the financial statements of Genting UK PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated and company statements of cash flows, consolidated and company statements of changes in equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 group and parent 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 group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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 our 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 this 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:

- 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 the directors' report have been prepared in accordance with applicable legal requirements.

GENTING UK PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENTING UK PLC

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 7, 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 group's and the parent 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 group or the parent 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are IFRS, the Companies Act 2006, tax and VAT compliance regulations, and Coronavirus Job Retention Scheme ("CJRS") regulation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax and government authorities and involving duty, taxation and CJRS experts.

GENTING UK PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENTING UK PLC

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Gambling Act 2003, Anti-Money Laundering Legislation and Gaming licences. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities, in addition to performing a review of management's monitoring and oversight procedures in this area. We have also performed reviews of board minutes, a sample of online staff training records, compliance findings from anti-money laundering logs, and reviews of money laundering officer reports.

The group audit engagement team identified the risk of management override of controls and misappropriation of cash and cash equivalents as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to;

- testing manual journal entries and other adjustments processed in the period;
- evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business;
- reviewing and testing policies and controls in place for the handling and recording of cash;
- a review of cash count documentation on a sample basis; and
- site visits to physically verify cash and cash equivalents reported for a sample of operational sites.

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

RSM UK Audit LLP

Andrew Monteith (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Priory Place
New London Rd
Chelmsford
CM2 0PP

24 February 2022

GENTING UK PLC
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

		2021			2020 restated		
	Note(s)	Before exceptional items £m	Exceptional items Note 3 £m	Total £m	Before exceptional items £m	Exceptional items Note 3 £m	Total £m
Revenue	2	178.0	-	178.0	102.2	-	102.2
Cost of sales	2	(177.4)	(9.6)	(187.0)	(151.4)	(74.7)	(226.1)
Gross profit/(loss)		0.6	(9.6)	(9.0)	(49.2)	(74.7)	(123.9)
Administration expenses	2	(3.8)	-	(3.8)	(8.2)	-	(8.2)
Other operating income	2	2.8	42.5	45.3	0.6	0.8	1.4
Operating (loss)/ profit from continuing operations	2, 4	(0.4)	32.9	32.5	(56.8)	(73.9)	(130.7)
Finance income	6	0.4	-	0.4	0.5	-	0.5
Finance costs	6	(17.1)	-	(17.1)	(14.8)	-	(14.8)
Net finance costs	6	(16.7)	-	(16.7)	(14.3)	-	(14.3)
(Loss)/ profit before tax from continuing operations	4	(17.1)	32.9	15.8	(71.1)	(73.9)	(145.0)
Tax (charge)/credit	7	(14.0)	-	(14.0)	4.2	-	4.2
(Loss)/ profit for the year from continuing operations		(31.1)	32.9	1.8	(66.9)	(73.9)	(140.8)
(Loss) for the year from discontinued operations	15	(5.5)	(4.9)	(10.4)	(9.3)	-	(9.3)
(Loss) for the financial year		(36.6)	28.0	(8.6)	(76.2)	(73.9)	(150.1)

All profits and losses are attributable to the owners.

The Group has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company income statement.

The prior year consolidated income statement has been restated in order to disclose the results of Online operations as part of discontinued operations. Refer to note 15 for further details of this restatement.

The notes on pages 16 to 50 form an integral part of these financial statements.

GENTING UK PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Group	
	2021 £m	2020 £m
Loss for the year	(8.6)	(150.1)
Other comprehensive income/(expense):		
<i>Items that may be reclassified to profit or loss:</i>		
Gain/(loss) on cash flow hedges (note 17)	1.1	(0.3)
<i>Items that will not be reclassified to profit or loss:</i>		
Gain on translation of foreign operations	-	0.3
Actuarial gain/(loss) recognised on the pension scheme (note 18)	4.8	(2.3)
Effect of defined benefit pension scheme asset ceiling	(0.5)	-
Deferred tax in relation to actuarial gain/(loss) (note 19)	(1.1)	0.4
Total other comprehensive income/(expense) for the year, net of tax	4.3	(1.9)
Total comprehensive expense for the year	(4.3)	(152.0)

There is no other comprehensive income in relation to discontinued operations.

All comprehensive income is attributable to the owners.

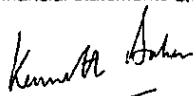
The notes on pages 16 to 50 form an integral part of these financial statements.

GENTING UK PLC
CONSOLIDATED AND COMPANY BALANCE SHEETS
AS AT 31 DECEMBER 2021

		Group		Company	
	Note(s)	2021 £m	2020 £m	2021 £m	2020 £m
ASSETS					
Non-current assets					
Intangible assets	8	250.1	266.2	-	-
Property, plant and equipment	9	226.8	249.0	-	-
Right-of-use assets	10	109.6	122.6	-	-
Investments in subsidiaries	11	-	-	318.0	318.0
Trade and other receivables	13	3.9	4.6	-	-
Deferred tax asset	19	-	-	0.4	1.1
Total non-current assets		590.4	642.4	318.4	319.1
Current assets					
Inventories	12	1.6	2.0	-	-
Trade and other receivables	13	34.0	17.6	268.1	264.8
Cash and cash equivalents (excluding bank overdraft)	14	109.9	57.2	1.4	-
Current tax assets		-	4.0	1.2	0.2
Assets held for sale	15	-	0.3	-	-
Total current assets		145.5	81.1	270.7	265.0
Total assets		735.9	723.5	589.1	584.1
LIABILITIES					
Current liabilities					
Trade and other payables	16	(86.9)	(93.5)	(74.8)	(75.2)
Borrowings	17	(39.7)	(14.4)	(39.7)	(14.4)
Lease liabilities	10	(16.9)	(17.1)	-	-
Current tax liabilities		(0.5)	-	-	-
Derivative financial instruments	17	(0.2)	(0.8)	(0.2)	(0.8)
Provisions	20	(8.4)	-	-	-
Total current liabilities		(152.6)	(125.8)	(114.7)	(90.4)
Net current (liabilities)/assets		(7.1)	(44.7)	156.0	174.6
Non-current liabilities					
Trade and other payables	16	(187.2)	(155.5)	(187.2)	(155.5)
Borrowings	17	-	(39.7)	-	(39.7)
Lease liabilities	10	(109.3)	(121.4)	-	-
Derivative financial instruments	17	-	(0.5)	-	(0.5)
Deferred tax liabilities	19	(65.2)	(50.4)	-	-
Defined benefit pension liability	18	(1.5)	(5.8)	(1.5)	(5.8)
Total non-current liabilities		(363.2)	(373.3)	(188.7)	(201.5)
Total liabilities		(515.8)	(499.1)	(303.4)	(291.9)
TOTAL NET ASSETS		220.1	224.4	285.7	292.2
CAPITAL AND RESERVES					
Ordinary share capital	21	74.5	74.5	74.5	74.5
Share premium		100.6	100.6	100.6	100.6
Capital redemption reserve		15.3	15.3	15.3	15.3
Revaluation reserve		38.5	38.5	0.8	0.8
Capital reserve		5.3	5.3	-	-
Other reserves		20.1	19.0	23.5	22.4
Retained earnings		(34.2)	(28.8)	71.0	78.6
TOTAL EQUITY		220.1	224.4	285.7	292.2

The notes on pages 16 to 50 are an integral part of these financial statements. The loss for the Company for the year ended 31 December 2021 was £10.8m (2020: loss of £8.7m).

The financial statements on pages 11 to 50 were approved by the board of Directors on 23 February 2022 and signed on its behalf by:



Rt. Hon Lord Kenneth Baker
Director
Registered number: 01519749

GENTING UK PLC
CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 £m	2020 £m	2021 £m	2020 £m
Cash flows generated from/(used in) operating activities	25	40.6	(39.9)	1.4	-
Cash flows generated from/(used in) investing activities	26	27.1	(8.2)	-	-
Cash flows generated from/(used in) financing activities					
Proceeds from borrowings		25.0	140.0	-	-
Repayment of borrowings		(15.0)	(105.0)	-	-
Repayment of lease liabilities		(22.0)	(13.1)	-	-
Interest paid		(3.0)	(3.5)	-	-
Net cash flows generated from/(used in) financing activities		(15.0)	18.4	-	-
Net increase/(decrease) in cash and cash equivalents		52.7	(29.7)	1.4	-
Movement in cash and cash equivalents					
Net cash and cash equivalents at the beginning of the year		57.2	86.9	-	-
Net increase / (decrease) in cash and cash equivalents		52.7	(29.7)	1.4	-
Cash and cash equivalents at the end of the year	14	109.9	57.2	1.4	-

The notes on pages 16 to 50 are an integral part of these financial statements.

GENTING UK PLC

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

Group	Ordinary share capital £m	Share premium £m	Capital redemption reserve £m	Revaluation reserve £m	Capital reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 January 2020	74.5	100.6	15.3	38.5	5.3	19.0	123.2	376.4
Loss for the year	-	-	-	-	-	-	(150.1)	(150.1)
Other comprehensive income	-	-	-	-	-	-	(1.9)	(1.9)
Total comprehensive expense for the year	-	-	-	-	-	-	(152.0)	(152.0)
At 31 December 2020 and at 1 January 2021	74.5	100.6	15.3	38.5	5.3	19.0	(28.8)	224.4
Loss for the year	-	-	-	-	-	-	(8.6)	(8.6)
Other comprehensive income	-	-	-	-	-	1.1	3.2	4.3
Total comprehensive expense for the year	-	-	-	-	-	1.1	(5.4)	(4.3)
At 31 December 2021	74.5	100.6	15.3	38.5	5.3	20.1	(34.2)	220.1

Company	Ordinary share capital £m	Share premium £m	Capital redemption reserve £m	Revaluation reserve £m	Capital reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 January 2020	74.5	100.6	15.3	0.8	-	22.7	89.2	303.1
Loss for the year	-	-	-	-	-	-	(8.7)	(8.7)
Other comprehensive income	-	-	-	-	-	(0.3)	(1.9)	(2.2)
Total comprehensive expense for the year	-	-	-	-	-	(0.3)	(10.6)	(10.9)
At 31 December 2020 and at 1 January 2021	74.5	100.6	15.3	0.8	-	22.4	78.6	292.2
Loss for the year	-	-	-	-	-	-	(10.8)	(10.8)
Other comprehensive income	-	-	-	-	-	1.1	3.2	4.3
Total comprehensive expense for the year	-	-	-	-	-	1.1	(7.6)	(6.5)
At 31 December 2021	74.5	100.6	15.3	0.8	-	23.5	71.0	285.7

Goodwill in aggregate of £0.6m (2020: £0.6m) has been charged against reserves in respect of years prior to 2 May 1999.

The notes on pages 16 to 50 are an integral part of these financial statements.

GENTING UK PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been applied consistently to all years presented, unless otherwise stated.

The Company is a public company, limited by shares, which is incorporated and domiciled in the United Kingdom. The registered office is Genting Club, Star City, Watson Road, Birmingham, England, B7 5SA. The registration number is 01519749.

The immediate parent undertaking is Genting International Investment (UK) Limited. The ultimate parent undertaking and controlling party is Genting Berhad, a company incorporated in Malaysia and whose shares are listed on the Bursa Malaysia.

Basis of preparation

The consolidated and company financial statements of Genting UK plc have been prepared in accordance with UK-adopted international accounting standards ('IFRS') and the applicable legal requirements of the Companies Act 2006. The consolidated and company financial statements have been prepared on the going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and financial liabilities at fair value through profit or loss.

Per s390 of the Companies Act 2006, the directors are required to draw up financial statements within 7 days of the Company's accounting reference date. The Company's accounting reference date is 31 December. Consistent with the normal monthly reporting process, the actual date to which the balance sheet has been drawn up is 2 January 2022 (2020: 27 December 2020). For ease of reference in these financial statements all references to the results for the year are for the year to 31 December 2021 and the financial position at 31 December 2021. The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company income statement. The loss for the Company for the year ended 31 December 2021 was £10.8m (2020: £8.7m).

Critical accounting estimates and judgements

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

Carrying value of intangible assets and property, plant and equipment (note 8 and 9)

The Group carries out reviews of property, plant and equipment and of intangible assets on an annual basis to determine whether events or changes in circumstances indicate that the carrying value of the assets may not be recoverable.

Assets are grouped together in cash generating units ("CGUs"), defined as an identifiable group of assets which generates cash inflows which are largely independent. In general, each casino and/or division will represent its own CGU, unless two or more casinos are located in close geographical proximity and share similar market characteristics, in which case these casinos are grouped together.

If an impairment indication exists, the recoverable amount of the asset is estimated as either the higher of net selling price or value in use, the resultant loss or impairment write back (the difference between the carrying value and the recoverable amount) is recorded as a charge or credit in the consolidated income statement. The value in use is calculated as the present value of the estimated future cash flows expected to result from the use of the assets and their eventual disposal proceeds. In order to calculate the present value of estimated future cash flows the Group uses a discount rate based on our estimated weighted average cost of capital, together with any risk premium determined appropriate. Estimated future cash flows used in the impairment calculations represent management's best view of likely future market conditions and current decisions on the use of each asset or asset group. Actual future cash flows may differ significantly from these estimates, due to the effect of changes in market conditions, the impact of COVID-19 on reopening times and customer behaviour or to subsequent decisions on the use of the assets. These differences may have a material impact on the asset values, impairment, depreciation and amortisation charge reported in future periods.

Defined benefit pension liabilities (note 18)

As disclosed in note 18, the Group has a commitment under a defined benefit pension scheme. Year end recognition of the liabilities under this scheme and the valuation of assets held to fund these liabilities require a number of significant assumptions to be made, relating to key financial market indicators such as inflation and asset returns. These assumptions are made by the Group in conjunction with the scheme actuaries and the directors are of the view that any estimation should be prudent and in line with consensus opinion.

Recovery of gaming debts (note 13)

In measuring the recoverability of gaming debts, the Group uses a provision matrix method where receivables are grouped based on shared credit risk characteristics and days past due. The expected loss rates are based on past payment profiles and historical credit losses experienced. Gaming debts are gradually provided for as they become aged, reaching full provision at 12 months past due. The Group fully provides for gaming debts when there is no reasonable expectation of recovery, with the case-by-case assessment performed based on indicators such as known legal or financial issues. Subsequent recoveries are recognised in the Consolidated Income Statement when received.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgements

Deferred tax (note 19)

The recognition of a deferred tax asset is based upon the probability that profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. The amounts recognised are derived from the Group's best estimation and judgement as described above. Recognition therefore involves judgement regarding the future financial performance of the relevant group companies.

VAT provisions (note 3 and 20)

Provision is made for the estimated VAT due on gaming activities in Egypt based on the latest available guidance from the taxation authorities. However there remains uncertainty regarding the measurement and timing of settlement until taxation rates have been legislated for. The amounts recognised are derived from the Group's best estimation and judgement as described above.

An asset has been recognised in respect of the Group's claim for a refund of VAT paid on takings from gaming machines on the basis the grounds of the claim have been established by the successful First-Tier Tribunal ruling in favour of the taxpayer in the year and that management can reliably estimate the quantum of the claim. Full details are included within note 3 to the financial statements.

Going concern

The directors have prepared and approved operational budgets and cashflow forecasts that are sufficient to demonstrate the group can continue as a going concern in light of the continued pressures on trade as a result of COVID-19.

Notwithstanding the fact that the Group has net current liabilities amounting to £7.1m (2020: £44.7m) the directors have prepared the financial statements on a going concern basis as the Group has received confirmation from Genting Malaysia Berhad of its intention to continue its financial support for a period of at least 12 months from the approval of these financial statements.

Basis of consolidation

The consolidated financial statements include those of the Company and all of its subsidiaries, together with the Group's share of profits or losses and reserves of its joint ventures and associates. Financial statements are prepared for the financial year ending on the 31 December.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding giving rise to more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Acquired subsidiaries are consolidated using the acquisition method of accounting. Under this method, the cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Where the fair value of the Group's share of the identifiable net assets exceeds the cost of acquisition, the difference is shown as a gain on bargain purchase in the profit and loss account.

Where an acquisition results from a group restructuring where the entities are under common control, the transactions may be excluded from the provisions of IFRS 3 on consolidation and are not subject to fair value adjustment depending on the facts and circumstances of the transaction. All differences between purchase price and net assets acquired are charged to other reserves.

Subsidiaries are consolidated from the date of which control is transferred to the Group and no longer consolidated from the date that control ceases. The profit or loss on disposal of subsidiaries is recognised in other operating income from the date control ceases. All inter-company transactions, balances and unrealised gains on transactions within group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Exceptional items

The Group defines exceptional items as those non-recurring items which are material by their nature or size and which would distort the comparability of the Group's results from year to year (please refer to note 3).

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (CONTINUED)

Segmental reporting

The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions. Management has determined the operating segments based upon the reports reviewed by the board of directors that are used to make strategic decisions.

The Group's business segments are: High End, based on the high roller casinos; Core, based on the remaining casinos throughout the UK; RWB, based on the activities within Resorts World Birmingham; Online, based on online activities (ceased in the year); and Corporate, based on other non-casino properties and central activities. The Group operates predominantly in the UK, with one casino in Egypt and online operations in Malta (which ceased in the year).

Revenue recognition

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

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

Gaming

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

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

Hotel and spa income

Hotel and spa revenue represents amounts derived in the UK from the ownership and operation of the hotels and spa. Revenue is stated net of value added tax and is recognised on an accruals basis to match the provision of the related goods and services. Payment of the transaction price is due immediately when the customer receives the related goods and services.

Leasing of assets

Rentals receivable from operating leases are credited to the income statement in equal annual amounts over the term of the lease. Payment of the transaction price is due from the customer at the point of invoice.

Food and beverage income

The Group's revenue from the sale of food and beverages (excluding value added tax) is recognised at the point of sale. Payment of the transaction price is due at the point of sale.

Other income

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

Government grants

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

Dividend income

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

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are prepared and presented in the functional currency of the Company which is Sterling (£).

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

Transactions and balances

Foreign currency transactions of each entity in the Group are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale assets, are included to the fair value reserve in equity.

Group companies

The results and financial position of group companies that have a functional currency different from the presentation currency are translated into the Group's presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and they are translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Property, plant and equipment

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

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

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

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year that they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (CONTINUED)

Assets held for sale and discontinued operations

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

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

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

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

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of identifiable net assets of the acquired subsidiary, joint venture or associate at the date of acquisition. Goodwill arising on acquisition of subsidiaries is included within intangible assets. Goodwill on acquisitions of joint ventures and associates is included in the carrying amount of the investment. Goodwill is not amortised but tested annually for impairment and as such is stated at cost less accumulated impairment losses. Goodwill is allocated to the Group's cash-generating units ('CGUs') identified according to geographical area and business segments. Each casino has generally been treated as a separate CGU, however, for those casinos located within close geographical proximity where the nature of the customers is such that they move between casinos, the casinos have then been grouped together.

Gains and losses on the disposal of an entity include the carrying value of goodwill relating to the entity sold, allocated where necessary on the basis of relative fair value. Goodwill arising on acquisitions made before 2 May 1999 has been written off directly to reserves in the period in which it arose.

Other intangible assets — casino licences

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

Other intangible assets — online gaming software

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

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

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

Other intangible assets — customer contracts

Represent the fair value of customer contracts acquired in business combinations at the acquisition date. Amortisation is calculated to write off the cost of customer contracts over 5 years.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (CONTINUED)

Trade and other receivables

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

Investments

Investments in subsidiaries are carried at historical cost less impairment.

Financial assets

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

Loans and receivables

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

Fair value through other comprehensive income

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

Fair value through profit and loss

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

Impairment of financial assets

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

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

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

Financial Instruments

Financial instruments that are measured at fair value are disclosed in the consolidated financial statements in accordance with the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices), or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (CONTINUED)

Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- hedges of the fair value of recognised liabilities (fair value hedge); or
- hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge).

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other gains / (losses). Hedge relationships are reviewed on a quarterly basis to ensure the criteria for hedge accounting are met.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within other gains / (losses).

Inventories

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

Cash and cash equivalents

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

Trade and other payables

Trade and other payables include trade payables, amounts owed to related parties, other taxation and social security and accruals and deferred income and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. All amounts are classified as current with the exception of certain amounts owed to related parties.

Share capital

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

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

Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on specific qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred, except for issue costs which are amortised over the period of the borrowing.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (CONTINUED)

Provisions

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

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

Current and deferred tax

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

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Contingent liabilities and contingent assets

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

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

Leases

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

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

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

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

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

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

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (CONTINUED)

Leases

To determine the incremental borrowing rate, the Group:

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

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

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

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

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

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

The Group has applied the practical expedients to its property leases available in relation to COVID-19 related rent concessions. As a result, rent concessions of £nil (2020: £0.5m) have been credit to profit and loss.

Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plan

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

Defined benefit scheme

Membership to the Group's only defined benefit scheme, the Genting UK Retirement Benefit Scheme, has not been offered since 2 February 2001, and the scheme is, therefore, effectively closed to new entrants.

A defined benefit scheme is a pension plan that defines an amount of pension benefit that an employee will receive at retirement, usually dependent on one or more factors such as age at retirement, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for past service costs. The defined benefit liability is calculated triennially by independent actuaries using the projected unit valuation method and is updated annually on an approximate basis.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are immediately recognised in the balance sheet, and through the statement of recognised income and expense.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Bonus Plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Holiday Pay

The Group recognises an appropriate liability for the cost of holiday entitlements not taken at the balance sheet date.

1A. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

Interpretations and amendments to published standards effective in 2021

New and amended standards adopted by the Group:

The following standards are effective from 1 January 2021 however they have not had a material impact on the financial statements:

- Interest Rate Benchmark Reform – Amendments to IFRS9, IAS39, IFRS7, IFRS16, IFRS4
- Insurance Contracts – Amendments to IFRS4

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group, unless otherwise stated. These standards include:

- Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (adopted early, effective for period beginning on or after 1 April 2021)
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16
- Amendments to IAS 1, Presentation of financial statements' on classification of liabilities
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
- Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1B. FINANCIAL RISK MANAGEMENT

The Group seeks to minimise the potential adverse impact arising from fluctuations in exchange and interest rates and the unpredictability of the financial markets. The Group uses instruments to hedge the risk associated with interest rates.

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

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

Exchange rate risk

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

Interest rate risk

Interest rate risk arises on the Group's borrowings. The Group has entered into an interest rate swap agreement during the year end to manage this risk appropriately.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

1B. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

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

Receivables are presented net of a provision for impairment (see note 13), and credit risk is minimised through effective monitoring of receivable balances and imposed credit limits on customers by management.

The Group's cash equivalents and short-term deposits are placed with high creditworthy financial institutions. An analysis of the Group's cash and cash equivalents, by credit rating, are disclosed in note 17.

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

Financial assets that are neither past due nor impaired

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

Financial assets that are past due and/or impaired

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

Liquidity risk

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities. The Group's cash flow is reviewed regularly to ensure that the Group is able to settle its commitments when they fall due. A maturity analysis of the Group's financial liabilities, disclosed in note 17, indicates a significant commitment to repay financial liabilities within 12 months of the balance sheet date. Management have ensured that plans are in place to meet the required repayments. In addition, the Group has received a letter of support from Genting Malaysia Berhad confirming on-going financial support.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the parent company.

Under the terms of the major borrowing facilities (see note 17), the Group is required to comply with the following financial covenants:

- Minimum Liquidity of £40m
- Loan to Value of 65%

The Group has complied with these covenants throughout the reporting period.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SEGMENTAL INFORMATION

As at 31 December 2021, the Group is organised into four main business segments: High End, based on the high roller casinos; Core, based on other casinos in the UK; RWB, based on the activities at the development at Resorts World Birmingham; and Corporate, based on other non-casino properties and central activities. Online operations, based on online activities, were discontinued during the year (see note 15).

Management has determined the operating segments based upon the reports reviewed by the management board that are used to make strategic decisions.

	2021 £m	2020 £m
Revenue:		
- High End	78.4	35.8
- Core	80.8	52.8
- RWB	18.5	13.3
- Corporate	0.3	0.3
Total	178.0	102.2
Cost of sales	(177.4)	(151.4)
Gross profit/(loss)	0.6	(49.2)
Administrative expenses	(3.8)	(8.2)
Other operating income	2.8	0.6
Operating loss before exceptional items from continuing operations	(0.4)	(56.8)
Exceptional items	32.9	(73.9)
Operating profit/(loss) after exceptional activities from continuing operations	32.5	(130.7)
Finance income	0.4	0.5
Finance costs	(17.1)	(14.8)
Profit/(loss) before tax from continuing operations	15.8	(145.0)
Tax (charge)/credit	(14.0)	4.2
Profit/(loss) after tax from continuing operations	1.8	(140.8)
Analysis of revenue by class of business		
	2021 £m	2020 £m
Gaming	160.6	89.0
Hotel and spa income	5.3	3.2
Food and beverage	8.6	6.3
Leasing of assets	3.5	3.7
Revenue from continuing operations	178.0	102.2

Included in revenue from continuing operations is Gaming revenue of £28.7m (2020: £5.6m) generated in Egypt. All other revenue is generated in the United Kingdom.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

2. SEGMENTAL INFORMATION (CONTINUED)

Analysis of operating profit after exceptional items by business segment

	2021 £m	2020 £m
High End (after exceptional charges of £nil) (2020: charges of £nil)	4.3	(28.8)
Core (after exceptional charges of £nil) (2020: charges of £nil)	7.3	(16.3)
RWB (after exceptional charges of £nil) (2020: charges of £nil)	(1.9)	(9.6)
Corporate (after exceptional income of £32.9m) (2020: expenses of £73.9m)	22.8	(76.0)
Operating profit/(loss) from continuing operations	32.5	(130.7)

Other segment information	High End £m	Core £m	RWB £m	Corporate £m	Total £m
Capital expenditure					
- property, plant and equipment	0.1	1.0	2.6	0.9	4.6
- intangible assets	-	-	-	-	-
Depreciation & amortisation					
- property, plant and equipment	3.7	9.8	3.8	1.7	19.0
- right of use assets	9.0	2.9	0.2	1.7	13.8
- intangible assets	-	-	-	-	-
Carrying value					
- goodwill	13.3	-	-	7.1	20.4
- acquired gaming licenses	115.7	115.8	-	-	231.5

3. EXCEPTIONAL ITEMS

	2021 £m	2020 £m
Termination and redundancy costs	(0.3)	(12.9)
Profit on disposal of subsidiary (net of disposal costs)	21.2	-
Profit on disposal of property, plant and equipment (net of disposal costs)	2.1	0.8
(Write back) / impairment of property, plant and equipment	0.4	(43.5)
Impairment of right of use assets	(2.3)	(7.5)
Impairment of licences	(1.8)	(9.6)
Write off lease receivables	-	(1.6)
Lease surrender	(0.7)	1.0
Closure costs	-	(0.6)
Historic VAT refund	19.2	-
Provision for VAT on gaming activities in Egypt	(4.9)	-
TOTAL EXCEPTIONAL ITEMS	32.9	(73.9)

Details of exceptional items

Termination and redundancy costs relate primarily to staff reductions across the estate as a result of COVID-19.

The profit on disposal of subsidiary relates to the sale of the Authentic Gaming group of companies (see note 26).

The profit/loss on disposal of property, plant and equipment relates to the sales of casino and corporate properties.

The impairment and write back of property, plant and equipment, right of use assets and licences relates to the annual impairment review (see note 8A and 9A).

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

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

GENTING UK PLC

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. EXCEPTIONAL ITEMS (CONTINUED)

Details of exceptional items

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

During the year the Group submitted a claim to HMRC for a refund of VAT paid on takings from gaming machines during the period ending 29 January 2006 to the period ending 28 April 2013. The claim stood behind lead appeals from other operators in the industry who were successful in their First-tier Tribunal ('FTT') appeal. The claim was submitted to HMRC before the balance sheet date, however as at the date of signing the amount of the claim has not yet been verified by HMRC. As a result of the FTT ruling in favour of the taxpayer, the Group is virtually certain that the claim will be accepted and therefore an amount of £19.2m, which represents the principal plus interest, less fees, has been recognised as an asset at the balance sheet date.

The provision for VAT on gaming activities relates to a provision for back-dated VAT charges on gaming operations in Egypt. Whilst it is still unclear when this VAT legislation will be ratified, the Group believes that an outflow is probable and therefore a provision has been recognised at the balance sheet date.

4. OPERATING (LOSS)/PROFIT FROM CONTINUING OPERATIONS

	2021 £m	2020 £m
Operating (loss)/profit before tax from continuing operations is stated after charging/(crediting) the following:		
Employee benefits expense	65.2	91.8
CJRS grant income	(13.6)	(27.9)
Inventories - cost of inventories recognised as an expense (included in cost of sales)	4.3	4.2
Gaming duty	26.6	18.9
Depreciation - owned property, plant and equipment (including £nil in respect of leased assets (2020: £nil))	19.0	21.3
Depreciation on right-of-use assets	13.8	14.0
Amortisation - intangible assets	-	1.1
Profit on disposal of property, plant and equipment	2.1	0.8
Profit on disposal of subsidiary (net of disposal costs)	21.2	-
Impairment of property, plant and equipment	0.4	(43.5)
Impairment of right of use assets	(2.3)	(7.5)
Impairment of licences	(1.8)	(9.6)
Short-term and low value lease rentals	1.4	1.5
Variable lease rentals	0.9	0.6
Rents receivable (excluding investment property)	(3.5)	(3.7)
Foreign exchange losses	(0.2)	(0.2)

Depreciation on property, plant and equipment includes £6.2m (2020: £6.6m) in respect of properties.

During the year the Group recognised CJRS grant income from the Government designed to mitigate the impact of COVID-19. Amounts receivable during the year are disclosed above.

	2021 £m	2020 £m
Fees payable to the Company's auditors for the following services:		
- Audit of the Company pursuant to legislation	-	-
- Audit of the Company's subsidiaries pursuant to legislation	0.3	0.4
- Advisory	-	0.1

Fees payable to the Company's auditors for the audit of the Company and the consolidated financial statements were £330,000 (2020: £417,000), and non-audit fees were £nil (2020: £47,000). Fees of £25,000 (2020: £94,000) were paid in respect of the performance of quarterly reviews for group reporting.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

5. EMPLOYEES AND DIRECTORS

The average monthly number of persons employed by the Group during the year was 2,673 (2020: 3,607), comprising 2,647 in operations (2020: 3,579) and 26 in management (2020: 28).

	2021 £m	2020 £m
Employee costs were as follows:		
Wages and salaries	58.3	82.8
CJRS grant income	(13.6)	(27.9)
Social security costs	5.3	6.9
Other pension costs	1.6	2.1
	51.6	63.9
	2021 £m	2020 £m
Directors' remuneration of the Group:		
Wages and salaries	0.1	0.1
Social security costs	-	-
Other pension costs	-	-
	0.1	0.1
	2021 £m	2020 £m
Directors' remuneration of the Company:		
Wages and salaries	0.1	0.1
Social security costs	-	-
Other pension costs	-	-
	0.1	0.1
	2021 £m	2020 £m
Remuneration of key management personnel of the Group:		
Salaries and short-term benefits	1.9	1.1
Compensation for loss of office	-	0.3
Post-employment benefits	0.1	0.1

The highest paid director was paid wages and salaries of £45,000 (2020: £45,000). The highest paid director has £nil (2020: £nil) accrued pension or lump sum and has no share options in the Company. No benefits are accruing to any directors under defined benefit schemes (2020: none).

The emoluments of some of the directors are partly paid by a Malaysian parent company with no recharge made to Genting UK plc. It is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the Group's result does not include total emoluments in respect of these directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Genting Malaysia Berhad.

Key management personnel consists of divisional management.

Company

The average monthly number of persons employed by the Company during the year was 4 (2020: 4) in management and administration. All employment costs of the company are borne by other group companies.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**6. NET FINANCE COSTS**

	2021 £m	2020 £m
Finance income:		
Other finance income	(0.2)	(0.2)
Lease receivables	(0.2)	(0.3)
Finance costs:		
Bank loans, overdrafts and other loans wholly repayable within five years	11.0	8.4
Lease liabilities	6.1	6.4
	16.7	14.3

7. TAX CHARGE/(CREDIT)

	2021 £m	2020 £m
Analysis of tax charge in the year		
Current tax		
Charge/(credit) in respect of current year	1.0	(3.4)
Adjustments to current tax charge in respect of prior years	(0.7)	0.2
Total current tax	0.3	(3.2)
Deferred tax (note 19)		
Current year origination and reversal of timing differences	(1.0)	(2.7)
Impact of change in tax rates	15.3	5.5
Adjustments to deferred tax charge in respect of prior years	(0.6)	(3.8)
Total deferred tax	13.7	(1.0)
Total tax charge/(credit)	14.0	(4.2)
The tax charge in the income statement is disclosed as follows:		
Tax charge/(credit) on continuing operations	14.0	(4.2)
Tax charge on discontinued operations	-	-
	14.0	(4.2)

The tax assessed for the year is higher (2020: higher) than the standard rate of UK corporation tax of 19.00% (2020: 19.00%). The differences are explained as follows:

	2021 £m	2020 £m
Profit/(loss) before tax	5.4	(154.3)
Expected tax at 19.00% (2020: 19.00%)	1.0	(29.3)
Adjustments to current tax charge in respect of prior years	(0.7)	0.2
Adjustments to deferred tax charge in respect of prior years	(0.6)	(3.8)
Re-measurement of deferred tax – Change in corporation tax rate	15.3	5.5
Profit on disposal – exempt income	(1.5)	7.2
Deferred tax not recognised	-	15.0
Other expenses not deductible for tax purposes	0.5	1.0
Tax charge/(credit) for the year	14.0	(4.2)

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017 and accordingly the Group's profits for this accounting period are taxed at 19%. The Spring Budget 2021 announced that the UK corporation tax rate will increase to 25% from 1 April 2023. The deferred tax assets and liabilities of the Company have been calculated at 25% as this rate has been substantively enacted at the Balance Sheet date.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**8. INTANGIBLE ASSETS**

Group	Goodwill	Acquired gaming licences	Online gaming software	Customer contracts	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2020	43.1	261.5	6.7	0.9	312.2
Additions	-	-	1.6	-	1.6
Disposals/ write offs	-	-	(0.4)	-	(0.4)
At 31 December 2020	43.1	261.5	7.9	0.9	313.4
Additions	-	-	2.0	-	2.0
Disposal of subsidiary (note 28)	(10.1)	-	(2.5)	(0.9)	(13.5)
Disposals	-	-	(7.4)	-	(7.4)
At 31 December 2021	33.0	261.5	-	-	294.5
Accumulated amortisation & impairment					
At 1 January 2020	(12.6)	(20.1)	(3.8)	-	(36.5)
Impairment (note 8A)	-	(9.6)	-	-	(9.6)
Amortisation	-	-	(0.9)	(0.2)	(1.1)
At 31 December 2020	(12.6)	(29.7)	(4.7)	(0.2)	(47.2)
Impairment (note 8A)	-	(1.8)	-	-	(1.8)
Amortisation	-	-	(0.7)	(0.2)	(0.9)
Disposal of subsidiary (note 28)	-	-	0.9	0.4	1.3
Disposals	-	(0.3)	4.5	-	4.2
At 31 December 2021	(12.6)	(31.8)	-	-	(44.4)
Net book amount					
At 31 December 2021	20.4	229.7	-	-	250.1
At 31 December 2020	30.5	231.8	3.2	0.7	266.2

Licences comprise the cost of acquired gaming licences. These are not amortised as they are considered to have an indefinite life as there is no foreseeable limit to the period over which the licences are expected to generate cash inflows. £115.7m of the cost of gaming licenses is allocated to the High End division and £145.8m to the Core division.

Goodwill is partly allocated to the High End segment, £13.3m (2020: £13.3m), and to the Corporate segment, £7.1m (2020: £17.2m). The carrying amount of goodwill is based on its value in use.

Amortisation of intangible assets of £0.9m (2020: £1.1m) is included within cost of sales.

8A. IMPAIRMENT REVIEW**Impairment review of intangible assets with indefinite lives**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, in accordance with IAS 36 'Impairment of Assets'. The Group classifies goodwill and gaming licences as indefinite life assets and normally tests these for impairment each year.

Gaming licences

The inherent value of casino licences is deemed to be an intrinsic part of the value of the operation of the casinos and is therefore considered as part of total casino assets in the impairment review. An impairment review has been performed resulting in a net impairment charge for the year of £1.8m, comprising impairment charges of £4.8m offset by the reversal of previous impairment charges of £3.0m (2020: £9.6m).

In performing the impairment review, each casino is assessed as a separate cash generating unit (CGU), except where one or more casinos are located within the same geographical area and the nature of the customers is such that they are transferable between these casinos. In this instance these casinos have then been grouped together and treated as a separate CGU. The 'London' CGU, comprising the five casinos in central London, makes up 51% of the overall carrying value of intangible assets under the review, with the remaining carrying value spread across the other CGU's.

8A. IMPAIRMENT REVIEW (continued)

Impairment review of intangible assets with indefinite lives

The recoverable amount of each CGU, including the licence, is determined based on the higher of fair value less cost to sell and value in use. Estimates of fair value have been determined with reference to an external valuation, prepared in accordance with RICS valuation professional standards, as published by the Royal Institution of Chartered Surveyors, on the basis of market value.

The value in use has been calculated using cash flow projections with a 'base' cashflow relating to financial projections for 2022. This represents a change in approach compared to the prior year, which used a combination of historical results and financial projections to calculate the base cashflow. The base cashflow has been extrapolated for a further 4 years and a terminal value calculated at year 5 using an annual and long term growth rate of 2.00% (2020: 2.00%), including inflation. This growth rate is consistent with forecasts included in industry reports and external sources. The post-tax discount rate applied to cash flow projections is 8.00% (2020: 7.85%).

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

- **Admissions**
The number of discrete visits by members to the casino. The impairment assessment uses financial projections for 2022, growing at a rate of 2% thereafter.
- **Spend per head**
The average amount of money spent by a member on gaming tables and machines (net winnings), and food and beverages. The impairment assessment uses financial projections for 2022, growing at a rate of 2% thereafter.
- **Casino duty**
Casino duty is levied in bands of between 15% and 50% depending upon the level of gaming win at each casino. The bands and rates have been assumed to remain at current levels without indexation.
- **Discount rate**
Discount rate reflects management's estimate of the market interest rates adjusted for a suitable risk factor which management believes best reflects an appropriate market rate of return. The impact of this has been assessed by individual location.

Management have performed sensitivity analysis on the reopening scenarios and have concluded that a decrease in forecasted EBITDA of 5% by 2022, assuming the discount rate is unchanged, could indicate a further impairment based on value in use of £0.2m. An increase of 0.25% in discount rate could result in a further impairment, assuming other assumptions unchanged, of £0.3m.

Goodwill

Historic Goodwill arose partly due to the acquisition of Capital Corporation Limited, which included the casinos at Crockfords, Mint and The Colony, and partly as a result of a group restructuring in 2012. During the year, Goodwill of £10.1m has been disposed in respect of the disposal of Authentic Gaming Limited and Authentic Gaming Malta Limited (see note 26).

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**9. PROPERTY, PLANT AND EQUIPMENT**

Group	Properties				Fixtures, fittings and equipment £m	Motor vehicles £m	Assets in the course of construction £m	Total £m
	Freehold properties £m	Long leasehold properties £m	Short leasehold properties £m	Leasehold improvements £m				
Cost								
At 1 January 2020	103.0	150.4	49.6	32.8	200.8	0.3	4.9	541.8
Additions	-	-	-	1.4	7.4	-	0.2	9.0
Disposals	(5.5)	-	-	-	(1.4)	-	-	(6.9)
Transfers to assets held for sale	(1.4)	-	-	-	-	-	-	(1.4)
At 31 December 2020	96.1	150.4	49.6	34.2	206.8	0.3	5.1	542.5
Additions	-	-	-	3.0	4.4	-	(1.8)	5.6
Disposal of subsidiary (note 28)	-	-	-	-	(1.8)	-	-	(1.8)
Disposals	(6.6)	-	-	(1.1)	(2.3)	-	(1.3)	(11.3)
At 31 December 2021	89.5	150.4	49.6	36.1	207.1	0.3	2.0	535.0
Accumulated depreciation								
At 1 January 2020	(10.5)	(17.6)	(36.0)	(19.2)	(150.8)	(0.3)	-	(234.4)
Charge for the year	(0.6)	(2.7)	(1.6)	(1.7)	(15.1)	-	-	(21.7)
Impairment (charge)/write back	(1.1)	(35.4)	(1.4)	(0.9)	(4.8)	-	-	(43.6)
Disposals	3.9	-	-	-	1.2	-	-	5.1
Transfers to assets held	1.1	-	-	-	-	-	-	1.1
At 31 December 2020	(7.2)	(55.7)	(39.0)	(21.8)	(169.5)	(0.3)	-	(293.5)
Charge for the year	(0.5)	(2.5)	(1.4)	(1.8)	(13.1)	-	-	(19.3)
Impairment (charge)/write back	-	-	-	0.3	0.1	-	-	0.4
Disposal of subsidiary (note 28)	-	-	-	-	0.5	-	-	0.5
Disposals	1.5	-	-	0.4	1.8	-	-	3.7
At 31 December 2021	(6.2)	(58.2)	(40.4)	(22.9)	(180.2)	(0.3)	-	(308.2)
Net book amount								
At 31 December 2021	83.3	92.2	9.2	13.2	26.9	-	2.0	226.8
At 31 December 2020	88.9	94.7	10.6	12.4	37.3	-	5.1	249.0

There were no cost or book amounts of property, plant and equipment in the Company during the year (2020: £nil).

The Group has elected to retain carrying values of freehold, long leasehold, and short leasehold properties as deemed cost at transition to IFRS at 3 May 2004.

There were no borrowing costs capitalised during the year. In prior years borrowing costs were capitalised at the rate of 3.0% on specific borrowings from the Group's immediate parent, Genting International Investment (UK) Limited.

Freehold and long leasehold property with a carrying value of £160.9m (2020: £166.7m) is pledged as security for the Group's secured borrowings (see note 17).

See note 23 for contractual commitments on capital expenditure.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021.

9A. IMPAIRMENT REVIEW

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

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

Casino properties, plant and equipment and right of use assets

The inherent value of casino properties, plant and equipment and right of use assets is deemed to be an intrinsic part of the value of the operation of the casinos and is therefore considered as part of total casino assets in the impairment review. Impairment reviews have been performed annually (as set out in Note 8A) and a net impairment charge of £1.9m has been recognised for the year, comprising an impairment charge on right of use assets of £2.3m offset by a reversal of previous impairment charges relating to property, plant and equipment of £0.4m (2020: £8.0m).

Resorts World Birmingham

The combined value of the property, plant and equipment and right of use assets of Resorts World Birmingham has been assessed for impairment, resulting in a £nil impairment for the year (2020: £43.6m).

Resorts World Birmingham comprises the Resorts World Casino, a hotel, spa and gym, and a mixture of Genting-operated and third party-operated retail and restaurant outlets ("divisions"). Each of the experiences which the resort has to offer are not mutually exclusive, and customers will generally buy a range of products and services during their visit. For this reason, the whole resort has been assessed as one CGU when performing the impairment review.

The recoverable amount of Resorts World Birmingham is determined based on the higher of fair value less cost to sell and value in use. Estimates of fair value have been determined with reference to an external valuation performed during 2020, and prepared in accordance with RICS valuation professional standards, as published by the Royal Institution of Chartered Surveyors, on the basis of market value.

The value in use calculation of Resorts World Birmingham is made up of the following assumptions:

Future cash flows

Resorts World Birmingham has been open for just over 6 years and is still viewed by management as being at an infant stage of its lifecycle. Whilst profitability has improved significantly year on year during this time, it would not be appropriate to use historical financial information in assessing the validity of future cash flows. The value in use has therefore been calculated using the cash flow projections which are based on the future strategy of the resort, as approved by key management.

The cash flows for each division of Resorts World Birmingham have been assessed for a period of 6 years, from 2022 to 2027 (2020: 7 years from 2021 to 2027). Whilst management are aware of convention under IAS 36 'Impairment of Assets' of a maximum of 5 years, it is the view of management that the material impact that developments around the resort will have on profitability between 5 and 10 years cannot be ignored for this assessment.

The divisional cash flows have been combined for each future period, and an element of head office cost and maintenance capital expenditure has been deducted to reach forecasted cash flows for the resort as a whole. The maintenance capital expenditure reflects the planned spend in relation to the future strategy of the resort.

Discount rate

The post-tax discount rate applied to the cash flows is 8.00% (2020: 7.80%).

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

- **Footfall**

The number of visitors to Resorts World Birmingham has been estimated based on historical trends and adjusted for the effect of changes to the strategy of the resort. Footfall at the resort has grown considerably year on year since opening, at an average of 10% per annum (pre-pandemic), and the impairment assessment assumes footfall growth from 4 million visitors in 2021 (before the impact of COVID-19) to over 5 million by 2028. The change of strategy, which is a tilt from retail to a more leisure-focussed offering, is expected to continue to drive an increase in visitor numbers.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

9A. IMPAIRMENT REVIEW (continued)

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

- **Discount rate**
The discount rate has been calculated with reference to the weighted average cost of capital of Genting UK Plc, which includes a consideration of not only the capital structure of the Group, but also that of direct competitors and other companies in the sector.
- **Performance drivers**
One of the key drivers for hotel performance within the resort is RevPar (Revenue Per Available Room). RevPar has been estimated based on known historical rates and industry analysis. The impairment assessment assumes a RevPar of £88.90 in 2022 with stable growth of between 3% per annum thereafter.

A key driver for casino performance is Drop Per Head. Drop Per Head has been forecasted in light of the future marketing strategy of the resort, and external industry data. The impairment assessment assumes a Drop Per Head of £225 in 2022.

Management have performed sensitivity analysis on the discounted cash flows and have concluded that a decrease in forecasted EBITDA of 8%, assuming the discount rate is unchanged, would reduce headroom to £nil and indicate an impairment risk. In relation to the sensitivity of the discount rate, management have concluded that, assuming forecasted EBITDA are unchanged, an increase of 0.6% in discount rate would reduce headroom to £nil and indicate an impairment risk.

10. LEASES

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Right-of-use assets				
Properties	111.2	121.7	-	-
Motor vehicles	0.7	0.9	-	-
	111.9	122.6	-	-
Lease liabilities				
Current	(16.9)	(17.1)	-	-
Non-current	(109.3)	(121.4)	-	-
	(126.2)	(138.5)	-	-
	2021 £m	2020 £m	2021 £m	2020 £m
Depreciation - right-of-use assets				
Properties	13.4	14.1	-	-
Motor vehicles	0.5	0.7	-	-
	13.9	14.8	-	-

Additions to the right-of-use assets during the 2021 financial year were £3.0m (2020: £1.7m). The total cash outflow for leases in 2021 was £21.7m (2020: £13.1m). Impairment charges of £2.5m (2020: £7.5m) have been recognised during the year (see Note 9A).

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

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

10. LEASES (continued)

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor. Some property leases contain variable payment terms that are linked to sales with percentages ranging from 1% to 5% of sales. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs. There are no restrictions imposed upon the Group concerning dividends, additional debt or further leasing under any of the existing lease arrangements.

11. INVESTMENTS IN SUBSIDIARIES

Company	Shares in subsidiary undertakings (Note a) £m
Cost	
At 1 January 2020 and 31 December 2020	332.8
At 31 December 2021	332.8
Provision for impairment	
At 1 January 2020 and 31 December 2020	(14.8)
At 31 December 2021	(14.8)
Net book amount	
At 31 December 2021	318.0
At 31 December 2020	318.0

(a) Subsidiary undertakings

The consolidated financial statements include the financial statements of Genting UK plc and its subsidiaries. The subsidiaries are set out below:

Subsidiary	Principal Activities	Country of incorporation and operation	Directly or Indirectly owned	% equity interest	
				2021	2020
Authentic Gaming Limited	Live casino provider	Malta	Indirect	-	100.0
Authentic Gaming Malta Limited	Live casino provider	Malta	Indirect	-	100.0
Freeany Enterprises Limited	Administrative services	England	Indirect	100.0	100.0
Genting (Gibraltar) Limited	Dormant	Gibraltar	Indirect	100.0	100.0
Genting Casinos Egypt Limited	Casino operator	Incorporated in England, operating in Egypt	Indirect	100.0	100.0
Genting Casinos UK Limited	Casino operator	England	Indirect	100.0	100.0
Genting International (UK) Limited	Investment holding company	England	Direct	100.0	100.0
Genting International Investment Properties (UK) Limited	Property investment company	England	Direct	100.0	100.0
Genting Malta Limited	Dormant	Malta	Indirect	100.0	100.0
Genting Solihull Limited	Property investment and development, investment holding and hotel and leisure facilities operator	England	Direct	100.0	100.0
Genting Spain Plc	Dormant	Malta	Indirect	100.0	100.0
MLG Investments Limited	Investment holding company	England	Indirect	100.0	100.0
Park Lane Mews Hotel London Limited	Dormant	England	Direct	100.0	100.0

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Subsidiary undertakings

Subsidiary	Principal Activities	Country of incorporation and operation	Directly or Indirectly owned	% equity interest	
				2021	2020
Stanley Casinos Holdings Limited	Investment holding company	England	Direct	100.0	100.0
Stanley Overseas Holdings Limited	Investment holding company	England	Direct	100.0	100.0
Advanced Technologies Ltd	Dormant	Dominica	Indirect	100.0	100.0
Capital Casinos Group Limited	Dormant	England	Indirect	100.0	100.0
Capital Corporation (Holdings) Limited	Dormant	England	Indirect	100.0	100.0
Capital Corporation Limited	Dormant	England	Indirect	100.0	100.0
Crockfords Investments Limited	Dormant	Guernsey	Indirect	100.0	100.0
Palomino World (UK) Limited	Dormant	England	Direct	100.0	100.0
Stanley Leisure (Ireland) Unlimited Company	Dormant	Ireland	Indirect	100.0	100.0
Stanley Leisure Group (Malta) Limited	Dormant	Malta	Indirect	100.0	100.0
Westcliff Casino Limited	Dormant	England	Indirect	100.0	100.0
Waters Solihull Limited*	Dormant	England	Indirect	100.0	100.0
Biteleta Servicios Y Gestiones, S.L.	Liquidated	Spain	Indirect	-	100.0

The registered office address of all subsidiaries is Genting Club, Star City, Watson Road, Birmingham, B7 5SA, apart from:

- Advanced Technologies Limited whose registered office address is Hodges Lane, Roseau, Dominica
- Crockfords Investments Limited whose registered office address is P.O. Box 25 Regency Court, Glatigny Esplanade, St Peter Port, Guernsey GY1 3AP
- Stanley Leisure (Ireland) Unlimited Company whose registered office address is Temple Chambers, 3 Burlington Road, Dublin 4, Ireland
- Stanley Leisure Group (Malta) Limited – whose registered office address is Palazzo Pietro Stiges, 103 Strait Street, Valletta, VLT 1436, Malta
- Genting Malta Limited and Genting Spain Plc – whose registered office address is Level G (Office 1/1120), Quantum House 75, Abate Rigord Street, Ta'Xbiex, XBX 1120, Malta
- Authentic Gaming Limited and Authentic Gaming Malta Limited – whose registered office is No.1 The Firs, Gorg Borg Olivier Street, Sliema, Malta.
- Genting (Gibraltar) Limited – whose registered office is Madison Building, Midtown, Queensway, Gibraltar, GX11 1AA

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

Companies marked with an asterisk (*), have been dissolved, or are in the process of being dissolved.

For the year ended 31 December 2021, Freeany Enterprises Limited, Genting International (UK) Limited, Genting International Investment Properties (UK) Limited, Park Lane Mews Hotel London Limited and Stanley Overseas Holdings Limited are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A. As a result, the Group guarantees all outstanding liabilities to which the company is subject. The company registration number for Freeany Enterprises Limited is 02909372, for Genting International (UK) Limited is 04963080, for Genting International Investment Properties (UK) Limited is 06563068, Park Lane Mews Hotel London Limited is 07672723 and for Stanley Overseas Holdings Limited is 04144790.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**12. INVENTORIES**

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Consumables	0.4	0.8	-	-
Goods for resale	1.2	1.2	-	-
	1.6	2.0	-	-

There are no significant inventory provisions in either 2021 or 2020.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Current				
Trade receivables	3.4	3.1	-	-
Amounts due from related parties	-	0.1	268.1	264.8
Other receivables	24.6	8.4	-	-
Prepayments and accrued income	5.7	5.7	-	-
Lease receivables	0.3	0.3	-	-
	34.0	17.6	268.1	264.8
Non-Current				
Prepayments and accrued income	0.5	0.9	-	-
Lease receivables	3.4	3.7	-	-
	3.9	4.6	-	-

In 2021, £4.7m (2020: £10.4m charged) was credited in the year net of amounts recovered relating to gaming income generated during the year and prior periods.

The fair value of trade and other receivables is considered to be their carrying value. There are £1.6m (2020: £3.1m) of trade receivables past due. There are no other classes of assets which are impaired. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables disclosed above.

Amounts due from related parties are unsecured, repayable on demand and do not bear interest.

Within the non-current prepayments and accrued income are tenant incentives of £0.5m (2020: £0.9m), being released over the minimum lease term of the tenants.

14. CASH AND CASH EQUIVALENTS (EXCLUDING BANK OVERDRAFT)

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Cash at bank and in hand	109.7	55.5	1.4	-
Short term bank deposits	-	-	-	-
Customer funds (restricted cash)	0.2	1.7	-	-
	109.9	57.2	1.4	-

The average rate of interest on short term deposits was 0.1% (2020: 0.47%). These deposits had an average maturity of one day.

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

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**15. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

Certain freehold casino properties have been presented as held for sale following the approval of the Group's management and shareholders in September 2020.

Assets classified as held for sale

	2021 £m	2020 £m
Property, plant and equipment	-	0.3
Total	-	0.3

In accordance with IFRS 5 the carrying value of the assets and liabilities held for sale were reviewed against the fair value less cost to sell, however were not considered to be impaired.

Discontinued operations in the current year relate to Online operations for which the decision has been taken by Group's management to cease and dispose of operations. Prior year discontinued operations include several casinos for which the decision was taken by Group's management to cease operations and dispose of properties and exit leases. In addition, operations at Park Lane Mews Hotel were ceased in the prior year. Prior year results have been restated in order to disclose the results of discontinued Online operations as part of discontinued operations. There was no impact on the previously reported profit or net assets as a result of this restatement. Analysis of the result of discontinued operations is as follows:

a) Discontinued operations	2021 £m	2020 £m
Revenue	8.7	20.9
Cost of sales	(14.3)	(30.2)
Other income	0.1	-
Online redundancy and closure costs	(1.3)	-
Online impairment charges	(3.6)	-
Loss before tax of discontinued operations	(10.4)	(9.3)
Tax charge	-	-
Loss after tax of discontinued operations	(10.4)	(9.3)

a) Cash Flow	2021 £m	2020 £m
Operating cash flows	(5.5)	(9.3)
Total cash flows	(5.5)	(9.3)

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Current				
Trade payables	23.2	21.4	-	-
Amounts owed to related parties	29.6	31.1	74.8	74.0
Taxation and social security	12.5	17.7	-	-
Accruals and deferred income	21.6	23.3	-	1.2
	86.9	93.5	74.8	75.2
Non-Current				
Amounts owed to related parties	187.2	155.5	187.2	155.5
	187.2	155.5	187.2	155.5

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Current amounts owed to related parties are unsecured, repayable on demand date and do not bear interest. Non-current amounts owed to related parties all relate to loan facilities. Details of the loan facilities are disclosed in note 17.

Trade payables include deposits received from online gaming players of £0.2m (2020: £1.7m) which are repayable on demand.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

17. FINANCIAL INSTRUMENTS

The following analysis sets out a comparison by category of carrying amounts and fair values of all the Group's financial instruments.

Group	2021		2020	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Assets as per balance sheet				
Trade and other receivables (excluding prepayments)	28.0	28.0	11.6	11.6
Cash and cash equivalents	109.9	109.9	57.2	57.2
Lease receivables	3.7	3.7	4.0	4.0
Liabilities as per balance sheet				
Trade and other payables (excluding non-financial liabilities)	274.1	274.1	249.0	249.0
Borrowings	39.7	39.7	54.1	54.1
Lease liabilities	126.2	126.2	138.5	138.5
Derivative financial instruments	0.2	0.2	1.3	1.3

Trade and other receivables (excluding prepayments), lease receivables and cash and cash equivalents are classed as loans and other receivables and total £141.6m (2020: £72.8m). Trade receivables are in pounds sterling and include £1.6m (2020: £1.9m) past due.

Borrowings, trade and other payables (excluding non-financial liabilities) and lease liabilities are all classified as other financial liabilities and total £440.2m (2020: £442.9m).

Company	2021		2020	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Assets as per balance sheet				
Trade and other receivables (excluding prepayments)	268.2	268.2	264.8	264.8
Cash and cash equivalents	1.4	1.4	-	-
Liabilities as per balance sheet				
Trade and other payables (excluding non-financial liabilities)	262.0	262.0	230.7	230.7
Borrowings	39.7	39.7	54.1	54.1
Derivative financial instruments	0.2	0.2	1.3	1.3

Trade and other receivables (excluding prepayments) and cash and cash equivalents are classed as loans and other receivables and total £269.6m (2020: £264.8m).

Trade and other payables (excluding non-financial liabilities) and borrowings are classified as other financial liabilities and total £301.9m (2020: £286.1m).

Trade and other payables at 31 December 2021 include a £25.0m (2020: £25.0m) long term loan fully repayable by 31 January 2023.

The fair values of cash and cash equivalents approximate to the book value due to their short term maturity.

Interest rate risk

Set out below is the carrying amount of the Group's financial instruments that are exposed to interest rate risk:

	2021 £m	2020 £m
Floating rate		
Cash and cash equivalents	109.9	57.2
Borrowings	(39.7)	(54.1)
Fixed rate		
Borrowings from related parties (included within trade and other payables)	(187.2)	(155.5)

Non-interest bearing financial instruments are not included in the above table as they are not subject to interest rate risk.

GENTING UK PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

17. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

Set out below is a maturity analysis of the Group's financial liabilities.

	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	Over 5 years £m	Total £m
31 DECEMBER 2021							
Trade and other payables	127.2	42.3	-	-	-	158.6	328.1
Borrowings	41.4	-	-	-	-	-	41.4
Lease liabilities	22.2	17.3	16.3	16.3	16.3	94.4	182.8
	190.8	59.6	17.1	17.1	17.1	250.6	552.3

	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	Over 5 years £m	Total £m
31 DECEMBER 2020							
Trade and other payables	91.6	61.9	42.3	-	-	81.4	277.2
Borrowings	16.4	41.0	-	-	-	-	57.4
Lease liabilities	23.4	21.0	17.1	17.0	17.0	106.0	201.5
	131.4	123.9	59.4	17.0	17.0	187.4	536.1

The Group's cash flow is reviewed regularly to ensure that the Group is able to settle its commitments when they fall due. All trade and other receivables (excluding prepayments) are due within one year.

Credit risk

Set out below is the carrying amount, by credit rating, of the Group's cash and cash equivalents.

	2021 £m	2020 £m
A	6.1	1.0
Baa	88.0	50.1
B	3.7	0.5
Cash floats	12.1	5.6
Cash and cash equivalents	109.9	57.2

The directors do not expect any losses from non-performance by the Group's banking facilities. Amounts due from related parties and trade receivables are not considered a significant credit risk by the directors. The Group has received a letter of support from Genting Malaysia Berhad in respect of related party balances and trade receivable balances relate to credit worthy customers.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include borrowings and derivative financial instruments however the directors do not consider this to be a significant risk.

Capital management

The Group's Liquidity and Loan to Value are shown below:

	2021 £m	2020 £m
Cash and cash equivalents	109.9	57.2
Undrawn loan facilities	15.0	15.0
Total Liquidity	124.9	72.2
Loan to value	25%	25%

Total liquidity is the total of the Group's cash and cash equivalents and undrawn rolling credit facility. Loan to value is calculated with reference to the valuation of certain freehold and long leasehold properties (see note 9).

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

17. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments

Derivative financial instruments are classed as derivatives used for hedging and total £0.2m (2020: £1.3m). A fair value gain totalling £1.1m has been recognised as a component of other comprehensive income. The instrument matures in 2022 and final cash outflows of £0.2m are expected within 12 months of the balance sheet date. There are no outstanding gaming transactions at the year end (2020: none).

Borrowing Facilities

i) Secured

On 20 December 2017 the Group obtained a new long term loan facility of £125.0m, comprising facilities A and B. Facility A is a £100m term loan, repayable over 5 years, and charges interest of between 1.50% and 2.50% above Libor. The facility replaced the existing term loan held by Genting International Investments (UK) Limited.

Facility B is a £25m rolling credit facility, fully repayable within 2 years (with an option of 1 further year), and charges interest of between 1.10% and 1.90% above Libor. In the prior year, the Group increased this facility to £90m and also exercised the 1 year extension option to December 2020.

During the prior year, the Group renegotiated certain terms of the long term loan facility resulting in a reduction in Facility B to £15m with an extension until December 2022. In the current year, the reference rate used to calculate interest charges was changed from LIBOR to SONIA. The key loan covenants in respect of Facility A and B relate to liquidity and loan to value. Details of key financial covenants are disclosed in note 1B.

The Group has a long term loan facility of £25.0m (2020: £25.0m) provided by Genting International Investments (UK) Limited (GII (UK)), on which interest is payable at 3% per annum. At 31 December 2021 £25.0m (2020: £25.0m) was drawn on this facility.

ii) Unsecured

During 2015 the Group issued a 2 year discounted loan note ('DLN 1') to Nedby Limited for an issue price of £48.5m, with a principal amount of £51.5m due for redemption in 2017, corresponding to an implicit interest rate of 3.0%. Instead of redeeming, the loan note was rolled over into a new discounted loan note ('DLN 3') during the year ended 31 December 2017 for an issue price of £51.5m. DLN 3 has a principal amount of £61.8m, and is due for redemption in 2022, therefore corresponding to an implicit interest rate of 3.75%. During the year unwinding of the discount totalling £2.2m (2020: £2.1m) was charged to finance costs, resulting in a balance payable to Nedby Limited at 31 December 2021 of £61.6m (2020: £59.4m).

During the year ended 31 December 2016 the Group issued a further discounted loan note to Nedby Limited ('DLN 2') for an issue price of £17.8m. The principal amount of the loan of £21.4m was due for redemption in 2021, corresponding to an implicit interest rate of 3.75%. During the year unwinding of the discount on DLN 2 totalling £0.4m (2020: £0.7m). Instead of redeeming, the loan note was rolled over into a new discounted loan note ('DLN 6') in the current year for an issue price of £21.4m. DLN 6 has a principal amount of £36.5m, and is due for redemption in 2031, therefore corresponding to an implicit interest rate of 5.5%. During the year unwinding of the discount totalling £0.5m (2020: £nil) was charged to finance costs, resulting in a balance payable to Nedby Limited at 31 December 2021 of £21.9m (2020: £nil).

During the prior year the Group issued a discounted loan note to Nedby Limited ('DLN 4') for an issue price of £50.0m. The principal amount of the loan of £81.4m is due for redemption in 2030, corresponding to an implicit interest rate of 5.00%. During the year unwinding of the discount on DLN 4 totalling £2.6m (2020: £0.2m) was charged to finance costs, resulting in a balance payable to Nedby Limited at 31 December 2021 £52.8m (2020: £50.2m).

During the current year the Group issued a further discounted loan note to Nedby Limited ('DLN 5') for an issue price of £25.0m. The principal amount of the loan of £40.7m is due for redemption in 2031, corresponding to an implicit interest rate of 5.00%. During the year unwinding of the discount on DLN 4 totalling £0.9m (2020: £nil) was charged to finance costs, resulting in a balance payable to Nedby Limited at 31 December 2021 £25.9m (2020: £nil).

At 31 December 2021 the Group also has £nil (2020: £nil) undrawn committed borrowing facilities which expire within one year (2020: one year).

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

18. PENSION COMMITMENTS

Defined contribution schemes

One of the schemes is defined contribution. The cost of this scheme was £1.6m for the year ended 31 December 2021 (2020: £2.1m). There are no amounts outstanding in respect of defined contribution schemes at 31 December 2021.

Defined benefit scheme

The second scheme, the Genting UK Retirement Benefit Scheme, is a defined benefit scheme which provides benefits based on final pensionable earnings. Membership has not been offered since 2 February 2001, and the scheme is, therefore, effectively closed to new entrants. This has not affected the status or rights of existing members. The scheme also was closed to future accrual on 31 July 2011. The latest membership information, recorded as at 30 April 2021, reported a total of 220 members in the scheme, of which 90 were deferred and 130 pensioners.

The last full actuarial valuation was carried out by a qualified independent actuary as at 30 April 2021 and the results have been updated to 31 December 2021 by a qualified actuary, independent of the scheme's sponsoring employer. All actuarial gains and losses in the year are recognised immediately in the statement of comprehensive income. Contributions to the scheme are agreed by the Company with the Trustees of the scheme as part of the process for determining the funding for the scheme.

	Group and Company	
	2021 £m	2020 £m
The amount recognised in the balance sheet is as follows:		
Fair value of plan assets	35.7	34.4
Present value of funded obligations	(36.7)	(40.2)
Effect of asset ceiling	(0.5)	-
Defined benefit pension liability	(1.5)	(5.8)

	Group and Company	
	2021 £m	2020 £m
The amounts recognised in the consolidated income statement are as follows:		
Expected return on pension scheme assets	0.5	0.8
Interest on pension scheme liabilities	(0.5)	(0.7)
Total charge included within staff employee benefits expense	-	0.1

The actual return on plan assets was 6.4% (2020: 11.1%).

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income since adoption of IAS 19 is a loss of £7.7m (2020: loss £11.5m).

	2021 £m	2020 £m
Changes in the present value of defined benefit obligation are as follows:		
Defined benefit obligation at the beginning of the year	(40.2)	(35.7)
Interest on pension scheme liabilities	(0.5)	(0.7)
Benefits paid	1.1	1.7
Actuarial gains/(losses)	2.9	(5.5)
Defined benefit obligation at the end of the year	(36.7)	(40.2)

	2021 £m	2020 £m
Changes in the fair value of plan assets are as follows:		
Fair value of plan assets at the beginning of the year	34.4	32.1
Expected return on plan assets	0.5	0.8
Benefits paid	(1.1)	(1.7)
Actuarial gains	1.9	3.2
Fair value of plan assets at the end of the year	35.7	34.4

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**18. PENSION COMMITMENTS (CONTINUED)**

The contribution expected to be paid during the financial year ending 31 December 2022 amounts to £0.2m in line with the Group's schedule of contributions.

Analysis of the movement in the balance sheet liability is as follows:

	2021 £m	2020 £m
Defined benefit liability at the beginning of the year	(5.8)	(3.6)
Interest cost	-	0.1
Actuarial gains/(losses)	4.8	(2.3)
Effect of asset ceiling	(0.5)	-
Defined benefit liability at the end of the year	(1.5)	(5.8)

	2021 %	2020 %
The major categories of assets as a percentage of total plan assets are as follows:		
Equities and diversified growth funds	61	57
Bonds	38	43
Cash	1	-
Total	100	100

	2021		2020	
	Quoted £m	Unquoted £m	Quoted £m	Unquoted £m
The major categories of assets were:				
Investment funds	13.2	-	12.2	-
Diversified growth and return funds	8.4	-	7.6	-
Bonds	13.7	-	14.5	-
Cash and cash equivalents	-	0.4	-	0.1
Total	35.3	0.4	34.3	0.1

	2021 %	2020 %
The principal assumptions made by the actuaries were:		
Inflation	3.00	2.50
Discount rate	1.80	1.30
Pensions in payment increase if CPI is 5.0% or less	2.90	2.40
Pensions in payment increase if CPI is 2.5% or less	2.20	1.90
Revaluation rate for deferred pensioners	3.00	2.50
Expected return on plan assets	1.80	1.30

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

The mortality assumptions adopted imply the following life expectancies:

	2021	2020
Male currently age 65	21.2 years	21.1 years
Female currently age 65	23.6 years	23.1 years
Male currently age 45	22.5 years	22.1 years
Female currently age 45	25.1 years	24.3 years

In compiling their report, the actuary has provided the group with a summary sensitivity analysis regarding key assumptions as listed above. The effect of a decrease of 0.25% per annum in the discount rate would increase the scheme's liabilities by 3.30% (increase £1.2m). An increase of 0.25% per annum in the inflation rate would increase liabilities by 1.90% (increase £0.7m). An increase of 1 year in life expectancy would increase liabilities by 3.80% (increase £1.4m).

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**18. PENSION COMMITMENTS (CONTINUED)**

	31 December 2021 £m	31 December 2020 £m	31 December 2019 £m	31 December 2018 £m	31 December 2017 £m
History of experience gains and losses					
Experience adjustments arising on scheme assets	1.8	3.2	3.6	(2.9)	1.0
Experience adjustments arising on scheme liabilities	1.7	-	-	(0.1)	(0.2)
Effect of changes in demographic and financial assumptions underlying the present value of the plan liabilities	0.8	(5.5)	(2.6)	0.8	0.3
Effect of asset ceiling	(0.5)	-	-	-	-
	3.8	(2.3)	1.0	(2.2)	1.1
Present value of scheme liabilities	(36.7)	(40.2)	(35.7)	(33.9)	(35.4)
Fair value of scheme assets	35.7	34.4	32.1	29.4	33.1
Effect of asset ceiling	(0.5)	-	-	-	-
Deficit	(1.5)	(5.8)	(3.6)	(4.5)	(2.3)

19. DEFERRED TAX ASSET / (LIABILITIES)

An analysis of the deferred tax provision is as follows:

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Deferred tax liabilities				
Gaming properties and licences	(68.2)	(52.0)	-	-
Accelerated capital allowances	-	(0.3)	-	-
	(68.2)	(52.3)	-	-
Deferred tax assets				
Accelerated capital allowances	2.6	-	-	-
Defined benefit pension scheme	0.4	1.1	0.4	1.1
Tax losses	-	0.8	-	-
	3.0	1.9	0.4	1.1
Net deferred tax (liabilities)/assets	(65.2)	(50.4)	0.4	1.1

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

The movement on the deferred tax account is shown below:

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
(Liability)/asset at the beginning of the year	(50.4)	(51.9)	1.1	0.6
Credit/(charge) to income statement continuing operations				
- gaming properties and licences	0.1	5.6	-	-
- accelerated capital allowances	2.4	1.0	-	-
- tax losses	(0.9)	-	-	-
Change of rate	(15.3)	(5.5)	0.4	0.1
Credit/(charge) to statement of comprehensive income in respect of pensions	(1.1)	0.4	(1.1)	0.4
(Liability)/ asset at the end of the year	(65.2)	(50.4)	0.4	1.1

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

GENTING UK PLC

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. DEFERRED TAX ASSET / (LIABILITIES) (CONTINUED)

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The recognition at year end is supported by Group cashflow projections.

The Group has deferred tax assets totalling £8.5m (2020: £15.0m) relating to tax losses that have not been recognised. These have not been recognised as management does not believe it is probable that there will be sufficient taxable profits in the future to offset these losses.

20. PROVISIONS

Group	2021		2020	
	Current £m	Non-Current £m	Current £m	Non-Current £m
VAT on gaming activities in Egypt	8.4	-	-	-
Total	8.4	-	-	-

	2021	
	£m	£m
Movement in provisions during the financial year:		
At 31 December 2020	-	-
Reclassification to provision	2.2	-
Charged to profit and loss	6.2	-
At 31 December 2021	8.4	-

Provision is made for the estimated VAT due on gaming activities based on the latest available guidance from the taxation authorities. However there remains uncertainty regarding the measurement and timing of settlement until taxation rates have been legislated for. Amounts reclassified to provision have been reclassified from accruals and deferred income during the year.

The Company has no provisions for the year ended 31 December 2021 (2020: none)

21. ORDINARY SHARE CAPITAL

	Group and Company		Group and Company	
	2021 Number (millions)	2020 Number (millions)	2021 £m	2020 £m
Authorised share capital				
Ordinary shares of 25p each	298.0	298.0	74.5	74.5
			Number	£m
Allotted, issued and fully paid ordinary shares of 25p each				
At 31 December 2020 and 2021			298,012,204	74.5

All shares rank pari passu and provide equal voting rights, rights to dividends and rights in the event of a winding up.

22. RESERVES

Share Capital – the nominal value of allotted and fully paid up share capital in issue

Share Premium – amount subscribed for share capital in excess of nominal value

Capital Redemption Reserve – amounts transferred from share capital on redemption of issued shares

Revaluation Reserve – historic revaluation reserves

Capital Reserve – amounts recognised on the acquisition of subsidiaries

Other Reserves – all other reserves movements including gains/(losses) on cash flow hedges of £1.1m (2020: loss £0.3m)

23. COMMITMENTS

Capital expenditure contracted for but not provided in the financial statements at 31 December 2021 amounted to £6.3m (2020: £3.0m).

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**24. OPERATING LEASE COMMITMENTS**

The Group has a number of lease agreements which qualify as non-cancellable operating lease agreements. These relate primarily to rental of gaming machines and general equipment within the casinos.

	2021 Plant and machinery £m	2020 Plant and machinery £m
Future minimum rentals payable under non-cancellable leases:		
Within one year	1.0	1.0
After one year but not more than five years	0.5	0.5
More than five years	-	-
Total	1.5	1.5

25. CASH FLOWS (USED IN)/ GENERATED FROM OPERATING ACTIVITIES

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Operating (loss)/ profit – before exceptional items	(5.9)	(66.1)	(1.0)	(0.8)
Exceptional items:				
Termination and redundancy costs	(1.6)	(12.9)	-	-
Profit on disposal of subsidiary (net of disposal costs)	21.2	-	-	-
Profit/(loss) on disposal of property, plant and equipment (net of disposal costs)	2.1	0.8	-	-
Write back/(impairment) of property, plant and equipment	0.2	(43.5)	-	-
Impairment of right of use assets	(2.5)	(7.5)	-	-
Impairment of intangible assets	(3.2)	-	-	-
Impairment of licences	(1.8)	(9.6)	-	-
Write off of lease receivables	-	(1.6)	-	-
Lease surrender	(0.7)	1.0	-	-
Closure costs	-	(0.6)	-	-
Historic VAT refund	19.2	-	-	-
Provision for VAT on gaming activities	(4.9)	-	-	-
Operating profit/(loss)	22.1	(140.0)	(1.0)	(0.8)
Depreciation on property, plant and equipment, investment property and right of use assets	33.3	36.5	-	-
Impairment charge on property, plant and equipment, right of use assets, investment property, intangible assets and licences	7.3	60.6	-	-
Write off on property, plant and equipment, right of use assets, investment property and licences	1.3	2.0	-	-
Amortisation of intangible assets	0.9	1.1	-	-
(Profit)/loss on disposal of property, plant and equipment	(2.1)	(0.7)	-	-
Lease surrender	-	(1.0)	-	-
Profit on disposal of subsidiary (net of disposal costs) (note 28)	(21.2)	-	-	-
Change in inventories	0.4	0.6	-	-
Change in receivables	(13.9)	11.1	5.7	31.2
Change in payables	12.6	(9.7)	(3.3)	(30.4)
Tax paid	(0.1)	(0.4)	-	-
Net cash inflow/(outflow) from continuing and discontinuing operations	40.6	(39.9)	1.4	-

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

26. CASH FLOWS (USED IN) / GENERATED FROM INVESTING ACTIVITIES

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Purchase of property, plant and equipment and intangible assets	(7.6)	(10.6)	-	-
Proceeds from disposal of property, plant and equipment	8.6	2.4	-	-
Proceeds from sale of subsidiary (net of disposal costs) (note 28)	26.1	-	-	-
Cash flows used in/ generated from investing activities	27.1	(8.2)	-	-

27. RELATED PARTY TRANSACTIONS

The Company and the Group have related party transactions with their parent company, their subsidiaries and associate undertakings, other companies of the Genting Berhad group and their directors.

Group	Amounts owed to parent company	Amounts owed to other related parties	Amounts owed by other related parties
	£m	£m	£m
At 1 January 2020	(52.3)	(78.5)	0.5
Amounts repaid/(borrowed)	0.1	(52.0)	(0.4)
Loan interest	(0.8)	(3.1)	-
Waivers/Acquisitions	-	-	-
Income from recharges	-	-	-
At 31 December 2020	(53.0)	(133.6)	0.1
Amounts repaid/(borrowed)	0.4	(23.1)	(0.1)
Loan interest	(0.8)	(6.7)	-
Waivers/Acquisitions	-	-	-
Income from recharges	-	-	-
At 31 December 2021	(53.4)	(163.4)	-

Company	Amounts owed to parent company	Amounts owed to subsidiaries	Amounts owed by subsidiaries	Amounts owed to other related parties
	£m	£m	£m	£m
At 1 January 2020	(39.8)	(58.4)	234.4	(77.5)
Loan interest	(0.8)	-	-	(3.1)
Income from recharges	-	-	-	-
Amounts repaid/(borrowed)	-	-	30.4	(50.0)
At 31 December 2020	(40.6)	(58.4)	264.8	(130.6)
Loan interest	(0.8)	-	-	(6.7)
Waivers/Acquisitions	-	-	-	-
Amounts repaid/(borrowed)	-	0.1	3.4	(25.0)
At 31 December 2021	(41.4)	(58.3)	268.2	(162.3)

Income and expenses from recharges includes salaries, commission, management fees and other costs.

Transactions between Group undertakings occur in the normal day to day trading of the business and are not subject to interest and have no fixed date of repayment, with the exception of the borrowing facilities disclosed in note 17.

GENTING UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

28. DISPOSAL OF SUBSIDIARY

On 2 November 2021 Genting UK plc disposed of 100% of its investment in Authentic Gaming Limited and Authentic Gaming Malta Limited for total consideration of £37m of which £31.3m relates to the sale of shares, including £3.5m deferred consideration which is receivable within 12 months. The profit on disposal was:

	£m
Fair value of cash consideration	27.8
Deferred consideration	3.5
Disposal costs	(1.2)
Carrying amount of assets sold	(9.0)
Profit on disposal before tax	21.1
Reclassification of foreign currency translation reserve	0.1
Income tax expense on profit	-
Profit after tax on disposal	21.2

The carrying amount of assets and liabilities as at the date of sale (2 November 2021) were:

	2 November 2021 £m
Intangible assets	12.2
Property, plant and equipment	1.7
Trade and other receivables	1.8
Cash at bank and in hand	0.5
Total assets	16.2
Trade and other payables	6.7
Lease liabilities	0.4
Deferred tax liabilities	0.1
Total liabilities	7.2
Net assets	9.0

29. POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

30. ULTIMATE CONTROLLING PARTY

The immediate parent undertaking is Genting International Investment (UK) Limited. The ultimate parent undertaking and controlling party is Genting Berhad, a company incorporated in Malaysia and whose shares are listed on the Bursa Malaysia.

Genting Berhad is the parent undertaking of the largest group of undertakings to consolidate these financial statements, at 31 December 2021. Genting Malaysia Berhad is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2021. The consolidated financial statements of Genting Berhad and Genting Malaysia Berhad are available from 24th Floor, Wisma Genting, 28 Jalan Sultan Ismail, 50250, Kuala Lumpur, Malaysia.