

**GROSVENOR CASINOS LIMITED**  
**Registered No. 00877080**

**ANNUAL REPORT**

**AND**

**FINANCIAL STATEMENTS**

**30 JUNE 2023**

MONDAY



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COMPANIES HOUSE

## **Corporate information**

### **Directors**

Mr J.P. O'Reilly

Mr R.D. Harris

### **Company Secretary**

Ms A. Magnus (appointed 3 October 2022)

### **Auditors**

Ernst & Young LLP

G1 Building

5 George Square

Glasgow

G2 1 DY

United Kingdom

### **Bankers**

RBS

250 Bishopsgate

London

EC2M 4AA

### **Registered Office**

TOR, Saint-Cloud Way

Maidenhead

Berkshire

SL6 8BN

United Kingdom

## **GROSVENOR CASINOS LIMITED**

### **STRATEGIC REPORT**

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#### **Principal activities**

The principal activity of the Company is the operation of a number of casino clubs in the UK. The Directors do not anticipate any change in the activity of the Company in the foreseeable future.

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

#### **Review of the business**

The strategy of the Company continues to be managed as part of the overall operations of The Rank Group Plc ('Rank' or 'Group'), which has its main focus on generating long-term sustainable shareholder value. The main aims of the strategy for the operations of the Group are as follows:

- Provide a seamless and tailored experience for customers across venues and online;
- Continuously evolve our venues estate with engaging propositions that appeal to both existing and new customers;
- Be passionate about the development and wellbeing of our colleagues and the contribution we make to our communities;
- Build sustainable relationships with our customers by providing them with safe environments in which to play.

Further detail on the Group's strategy can be found within the Group's Annual Report and Accounts ('ARA') on pages 30 to 41, which is available at [www.rank.com](http://www.rank.com).

The results for the Company show a pre-tax loss of £25.6m for the year (2022: profit of £48.4m) and revenue of £203.1m (2022: £197.4m). There was no dividend paid during the year (2022: £nil). Included within the profit for the year is £19.1m of separately disclosed items (2022: £26.0m) which mainly related to impairment charges. Further details of the separately disclosed items are within note 4 to the financial statements.

The Group's Grosvenor business comprises the Grosvenor Casinos Limited and Grosvenor Casinos (GC) Limited entities. Grosvenor's London casino estate continues to perform below the levels seen prior to the pandemic. The rise of working from home following the pandemic has impacted visitor volumes in London but the most material effect remains the slow return of customers from the Middle East and from East and South-East Asia. With fewer international customers arriving in London, competition amongst London's casinos is more intense than ever. Combined revenue in the London estate was flat on the prior year. The rest of the UK performance has been recovering more quickly with combined revenue up 6% against the prior year.

The Grosvenor Russell Square casino was permanently closed in the year reducing the overall Grosvenor estate to 51 casinos, representing 43% of the UK market's 118 casinos.

The largely fixed or semi-fixed cost base of the combined Grosvenor business delivers significant operating leverage as revenues grow. With revenues continuing to recover towards pre-pandemic levels, inflationary pressure on employment and other costs resulted in operating loss of £26.9m in the year (down from an operating profit of £48.0m in 2021/22). The key cost pressures on the combined business have been seen in salaries and wages, energy and property maintenance.

During the year, the Company recognised an impairment charge of £25.2m (2022: £2.8m) and an impairment reversal of £4.6m (2022: £6.2m). The impairment charges were recognised for a number of reasons, including lower than anticipated performances, reduction in forecast earnings in Grosvenor venues and a decision to close one Grosvenor venue. The reversals were driven by better than anticipated performances and improved outlook in the identified Grosvenor venues. Further details are shown within note 3 of the financial statements.

The balance sheet as at 30 June 2023 shows net current assets of £40.7m (2022: £47.1m). Cash generated during the period has been pooled in accordance with the Group's treasury policy to a fellow subsidiary in line with prior years.

#### **Future developments**

The Directors anticipate that the Company's operations will continue in the normal course of its business.

#### **Key performance indicators (KPI)**

The Company acts as an operating entity within the Group. The Directors believe that the exclusive analysis of KPIs for the individual operating company is not deemed necessary or appropriate for gaining a comprehensive understanding of the business's development, performance, or position. Instead, Group KPIs

## **GROSVENOR CASINOS LIMITED STRATEGIC REPORT (CONTINUED)**

provide a consolidated view of the overall performance of the entire organisation which allows the operating company to assess its collective strength and progress toward its strategic goals. For this reason, the Company's Directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance, and position of the Group, which includes the Company, is discussed in more detail on pages 50 to 51 of the Group's ARA which do not form part of this report. The Directors do not anticipate any immediate or substantial variations to the Company's current activities.

### **Principal risks and uncertainties**

The Directors of the Group manage the risks of the Group at a group level, rather than at an individual statutory entity level. The same directors who oversee the Group's risk management at a group level are also responsible for managing the Company. As a result, the risks faced by the Company are intricately tied to the strategic decisions and risk management measures implemented by the Group's directors. Therefore, the principal risks and uncertainties detailed on pages 80 to 87 of the Group's ARA are applicable to the Company, as the Company operates as an operating entity within the Group. The alignment of directorship and the shared approach to risk management ensure that the risks affecting the broader Group also directly impact the Company, making the discussion of the Group's risks, as outlined in the ARA, relevant and essential for understanding the development, performance, and position of the Company's business.

### **Section 172 Statement**

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

Many of the Board's principal decisions were taken in direct response to the continued uncertain trading conditions, along with the turbulent impact of inflationary pressures and the cost of energy during the year. In taking such decisions it carefully considered stakeholders, the information it received through colleague and customer engagement, and how each such decision would impact on the success of the Group, with due regard to the other matters set out in section 172(1) (a) to (f) of the Companies Act 2006.

This was particularly relevant in relation to its discussions and decision-making on: (i) maintaining oversight of the implementation of the Group's strategy, (ii) management of costs and liquidity, and (iii) capital investments key to the longer-term success of the Group, each as described on pages 100 to 101 of the Group's ARA.

The Group exercises a significant degree of control and influence over its subsidiary companies and the same directors who oversee the management at a Group level are also responsible for managing the Company. As a result, it is appropriate to provide a consolidated Section 172 statement that aligns with its values and principles and encompasses its influence over subsidiary companies. This can provide a clearer and more comprehensive view of the Group's approach to corporate responsibility and stakeholder engagement.

The Directors performed their duties by ensuring matters reserved and discussed included the following (page references below refer to the Group's ARA – please refer for more information):

- Review and consideration of the Group's strategy, particularly in view of the uncertain trading conditions and inflationary cost pressures (pages 14 to 21);
- The focus and continued development to embed ESG across the business, placing ESG at the forefront of business led decision-making. (pages 52 to 71, and 43 to 44);
- Assessing capital expenditure opportunities presented by the business against all stakeholder interest (pages 43 to 44);
- Review regularly the Group's risk management processes and controls and ensured the key risk areas for the business were considered, taking into account the macroeconomic conditions (pages 80 to 87 and 109 to 116);
- Consideration of stakeholder interests and engagements carried out through the year, which included the impact of the wider economic conditions (pages 14 to 21 and 43 to 44);
- Kept informed of the regulatory landscape impacting the Group, particularly relevant in respect of legislative changes announced by the UK Government's White Paper and as the process moves to consultation (pages 28 to 29);
- Kept informed of colleague sentiment and culture through our Designated Non-Executive Director for workforce engagement (page 102).

**GROSVENOR CASINOS LIMITED**  
**STRATEGIC REPORT (CONTINUED)**

Stakeholder	Key areas of consideration	How we engage and 2022/2023 highlights
<p><b>Customers</b>  Ensuring our customers are at the heart of our decision-making is crucial to our strategy.</p> <p>Understanding their changing needs, preferences and behaviours helps us to ensure that our offering remains safe, fair, current and appealing.</p>	<ul style="list-style-type: none"> <li>• Player protection</li> <li>• Customer experience</li> <li>• Relevance of offering</li> <li>• Health, safety &amp; well-being</li> </ul>	<p>We host, serve and engage with our customers each and every day by means of digital interfaces and conversations in our venues and remotely. This includes discussing their overall experience, safer gambling, affordability and welfare. We also regularly engage with our customers through quantitative and qualitative research to seek their views, opinions and insights into how we can improve our products, services and user journeys.</p> <p><i>2022/2023 highlights:</i></p> <ul style="list-style-type: none"> <li>– Sought local insights through intercept interviews following our rebranded and refurbished Grosvenor Merchant City casino in Glasgow.</li> <li>– Simplified the delivery of customer views and experiences to our Venues teams. This ensured they were well equipped with a holistic understanding of our customer's views to improve the customer venue experience.</li> <li>– Participated in a leisure industry study to measure the impact of the 'cost of living' pressures.</li> <li>– Conducted customer research to determine motivations behind change in customer behaviours.</li> <li>– Sought customer views through surveys on our food and beverage offerings, including price sensitivities.</li> <li>– Utilised our programmes to monitor our cross-channel offers and journey for venues to digital players.</li> <li>– Undertook a qualitative deep dive amongst our digital customers to determine Rank's position amongst our competitors.</li> <li>– Carried out a quantitative study which sought to provide insights into the range of our customer profile, to better understand what they are looking for in the Rank experience.</li> </ul>
<p><b>Our People</b>  Our people are the heart and soul of the business and central to its success.</p> <p>We depend on their passion and commitment to implement our strategy and ensure our customers are served in the best possible way.</p>	<ul style="list-style-type: none"> <li>• Opportunities for progression</li> <li>• Inclusion and diversity</li> <li>• Fair pay and reward</li> <li>• Opportunities to share ideas and make a difference</li> <li>• Health, safety &amp; well-being</li> </ul>	<p>We seek an open dialogue culture and host forums throughout the year to enable the exchange of opinion between colleagues and the sharing of views with senior management and the Board. Other engagement methods include, but are not limited to, monthly Group and business unit Town Halls, frequent newsletters and corporate communications to share news and developments, employee opinion surveys, regular performance and development reviews and venue visits by Board members and senior management.</p> <p>We also continue to offer a confidential whistleblowing hotline to all colleagues.</p> <p><i>2022/2023 highlights:</i></p> <ul style="list-style-type: none"> <li>– Regular communication Group-wide by way of our Get Connected programme, which continued to evolve during the year.</li> <li>– A review of communications and engagement platform has also taken place and new technology will be implemented in 2023/24.</li> <li>– Social media forums for Grosvenor and Mecca colleagues to express views and share news.</li> </ul>

**GROSVENOR CASINOS LIMITED**  
**STRATEGIC REPORT (CONTINUED)**

		<ul style="list-style-type: none"> <li>– Monthly Town Hall meetings with Q&amp;A sessions available to colleagues in all jurisdictions to attend, and which included a regular rotation of updates from each of our businesses, of regulatory news, along with people &amp; culture initiatives.</li> <li>– Employee Voice meetings attended by elected representatives from the business, the Chief Executive and Chief People Officer.</li> <li>– Talking STARS and Leading STARS forums held and attended by the designated Non-Executive Director.</li> <li>– Conducted a full Employee Opinion Survey in October 2022 and a 'pulse survey' in May 2023 and implemented action plans following a review of results. Follow up sessions were held to improve visibility of changes coming out of the action plans.</li> <li>– STARS values awards continued to recognise individuals and/or teams for demonstrating Rank's values in their work, nominated by their peers.</li> <li>– Continued to focus on our six ED&amp;I colleague network groups: Wellbeing; Women; Racial Equality and Diversity; LGBT+; Families; and general ED&amp;I (incorporating religious celebrations).</li> <li>– Open and enhanced regular dialogue with Trade Unions and local representatives (London).</li> <li>– A programme of virtual and 'in person' colleague sessions held with the Designated Non-Executive Director for work force engagement (also the Remuneration Committee Chair) who kept the Board apprised of these engagements. These reports provided the Board with valuable insights from colleagues.</li> <li>– Board Directors and Executives conducted site visits to engage first-hand with colleagues.</li> </ul>
<p><b>Communities</b>  Community links are as important to Rank and its people as they are to our customers.</p> <p>Our businesses are more likely to succeed when they are part of healthy and supportive communities and we are committed to making a positive contribution to them.</p>	<ul style="list-style-type: none"> <li>• Charitable initiatives</li> <li>• Positive community impact</li> <li>• Employment</li> <li>• Reputation</li> </ul>	<p>Our venues are community hubs in which people spend leisure time and engage and interact with other customers and with our colleagues. The strength of our business is in part due to the long-term trust and relationships which exist between our colleagues and customers, who very often will have known each other for many years. A key learning has also been how integral the role of our venues and keeping communities engaged has been particularly during, and as a result of, the pandemic.</p> <p>We engage with the local community through volunteering, charity work and providing employment and work experience opportunities.</p> <p>We are particularly proud of our nine-year partnership with Carers Trust.</p> <p><i>2022/2023 highlights:</i></p> <ul style="list-style-type: none"> <li>– Continued to support our communities through a wide range of initiatives and sponsorships, such as Blackpool's Pride event, preparing meals for the homeless and held the KAV cup poker event to raise funds for charity.</li> <li>– Supported the 'Everyone Deserves an Easter' campaign by distribution of hampers to local vulnerable and isolated people.</li> </ul>

**GROSVENOR CASINOS LIMITED**  
**STRATEGIC REPORT (CONTINUED)**

		<ul style="list-style-type: none"> <li>– Raised £283,018.91 during the 2022/23 financial year for Carers Trust, which works to improve support, services and recognition for anyone living with the challenges of caring for a family member or friend who is ill, frail, disabled or has mental health or addiction problems.</li> <li>– Promoted Rank Cares Grants, a grant programme for carers in the community. The grants are offered under three areas: (i) Carers Essentials Fund: funding for vital equipment such as washing machines, cookers, fridge freezers or beds, (ii) Carers Take Time Out Fund: funding to allow carers some respite time, and (iii) Carers Skills Fund: funding to enable carers to learn new skills to further support their work as carers.</li> <li>– Promoted local job vacancies, working with local job centres and colleges to ensure job seekers can find local employment, and which has continued to be a successful recruitment method.</li> <li>– In March, we supported the Young Carers Action Day which seeks to raise awareness of young carers and young adult carers.</li> </ul>
<p><b>Regulators and Legislators</b></p> <p>Regulators and legislators play a key role in shaping the gambling landscape and an ongoing open dialogue is essential to ensure we better understand the expectations underpinning regulation and that regulation is founded in an understanding of the customer.</p> <p>Regulators also monitor the high standards by which we operate.</p>	<ul style="list-style-type: none"> <li>• Openness and transparency</li> <li>• Compliance with laws and regulations</li> <li>• Consumer fairness and player protection</li> <li>• Policy and the direction of future gambling regulation</li> </ul>	<p>Establishing and developing relationships with elected parliamentarians, government officials, industry peers and key stakeholders (such as campaign groups and media) remains a key focus, particularly in the UK this year with the wide-ranging review of gambling legislation that is underway. We conduct such engagement ourselves and also through industry bodies, such as the Betting and Gaming Council ('BGC') and the Casino Group (within the BGC). We strive to establish strong working relationships with the aim that our contributions are valued in terms of delivering customer-oriented laws and regulations.</p> <p>From a compliance perspective, we participate in regular meetings and communications with the UK Gambling Commission ('Commission'), as well as other regulatory bodies and authorities by whom we are licensed. We have ensured Rank remains a 'strong voice' as we navigate the consultation process following the regulatory reforms.</p> <p><i>2022/2023 highlights:</i></p> <ul style="list-style-type: none"> <li>– Undertaken a programme of engagement with MPs and media during the year ahead of the anticipated UK Government's White Paper for gambling reform and following its publication in April.</li> <li>– Attended and hosted at the Conservative party conference in Birmingham, and the Labour conference in Liverpool.</li> <li>– Chair attended the Commission's chairs roundtables during the year.</li> <li>– Two of our Non-Executive Directors ('NEDs') attended the Commission's NEDs roundtables held during the year, along with NEDs from other industries, new this year.</li> <li>– Chief Executive attended meetings held at the BGC offices with the Commission's CEO and senior officials during the year, with the Director of Public Affairs deputising as needed.</li> <li>– Regular contact with officials in DCMS, including the current and former Gambling Ministers, as we sought</li> </ul>

**GROSVENOR CASINOS LIMITED**  
**STRATEGIC REPORT (CONTINUED)**

		<p>to articulate the case for legislative change that supports Rank's strategy.</p> <ul style="list-style-type: none"> <li>– Members of BGC.</li> <li>– Responded to the Commission's proposed changes to the Annual Assurance Statement.</li> <li>– Responded to the Commission's consultation on the proposed changes to the Licence conditions and codes of practices.</li> </ul>
<p><b>Shareholders and investors</b>  We adopt an open and transparent approach with our shareholders and analysts to communicate our performance and use their feedback to inform our strategy and decision-making.</p>	<ul style="list-style-type: none"> <li>• Strategy, performance and outlook</li> <li>• Leadership capability</li> <li>• Executive remuneration</li> <li>• Corporate governance</li> <li>• Environmental, social and governance (ESG) performance</li> </ul>	<p>We adopt a proactive approach to investor relations, conducting a comprehensive programme of regular contact and consultation throughout the year. Our investor relations programme includes regular updates, meetings, roadshows and our Annual General Meeting. The other key way in which we communicate with all shareholders is via our corporate website, <a href="http://www.rank.com">www.rank.com</a>.</p> <p><i>2022/2023 highlights:</i></p> <ul style="list-style-type: none"> <li>– 23 meetings held with shareholders during the year, in addition to quarterly meetings held with the majority shareholder.</li> <li>– Chief Executive, Chief Financial Officer and Director of ESG &amp; Investor Relations took part in a scheduled programme of major shareholder engagement to discuss interim and final year preliminary results and analysts following announcement of results.</li> <li>– Chief Executive and Chief Financial Officer scheduled engagements with major shareholders and analysts in December 2022.</li> <li>– Chief Executive hosted a 'fireside' lunch with our major investors and analysts to discuss the implications of the White Paper for Rank and the next phase into the consultation process.</li> <li>– Our Remuneration Committee chair, on her appointment as the chair to the committee in January wrote and introduced herself to our major shareholders and the proxy advisers. This also provided an opportunity for our major shareholders and proxy advisors to raise any remuneration matters, particularly in light of the Remuneration Policy to be reviewed in 2024.</li> <li>– Received votes from 92.55% of shareholders for the 2022 Annual General Meeting ('AGM').</li> <li>– Ensured our shareholders had an opportunity to raise their questions ahead of the 2022 AGM, and which were responded to and published on our corporate website <a href="http://www.rank.com">www.rank.com</a>.</li> </ul>
<p><b>Suppliers</b>  We have relationships with circa 1,500 suppliers, ranging from small businesses to large multinational companies.</p> <p>We aim to operate to the</p>	<ul style="list-style-type: none"> <li>• Robustness of our business</li> <li>• Long-term partnerships</li> <li>• Fair engagement and payment terms</li> <li>• Collaborative approach</li> </ul>	<p>We have a dedicated procurement function which engages with our suppliers with the aim of optimising the way that we work with them. We build relationships regionally and locally to better understand the markets from where we source products and services. These relationships ensure Rank maintains and creates a strong relationship that is able to support Rank's long-term success.</p> <p><i>2022/2023 highlights:</i></p> <ul style="list-style-type: none"> <li>– Continued to evolve our management of contract life cycles, benefiting our suppliers and internal efficiencies.</li> </ul>



**GROSVENOR CASINOS LIMITED**  
**STRATEGIC REPORT (CONTINUED)**

<p>highest professional standards, treating our suppliers as key business partners and operating in a fair and reasonable manner, encouraging supply chain transparency and promoting fair working conditions.</p>		<ul style="list-style-type: none"> <li>– Implemented a refreshed supplier relationship management framework to support improved ways of working whilst driving value creation for both Rank and its partners.</li> <li>– Continued to work with our suppliers following the transition to our proprietary platform in June of last year.</li> <li>– Provided training to suppliers and contractors as appropriate when visiting our venues.</li> <li>– Continued to build strong working relationships between Rank's regular suppliers and operators throughout the year.</li> <li>– Considered supplier relationships as we commenced a review to qualify standards and expectations around our supplier conduct.</li> <li>– Continued to work with our landlords on all leasing matters through the year, particularly as we sought to improve terms and a mutual benefit to our landlords through enhanced asset investment value and in turn, providing the business with greater certainty of venue occupancy.</li> <li>– The Group's 2022 Modern Slavery Statement was reviewed and approved by the Board. A copy of the statement is available on the corporate website <a href="http://www.rank.com">www.rank.com</a>.</li> </ul>
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By order of the Board



Mr R.D. Harris  
**Director**

Date: 31 October 2023

## **GROSVENOR CASINOS LIMITED**

### **DIRECTORS' REPORT**

The Directors present their Report and Financial Statements for the year ended 30 June 2023.

#### **Directors**

The following were Directors of the Company during the year and up to the date of these financial statements:

Mr J.P. O'Reilly

Mr R.D. Harris

Ms D. Husband (resigned 31 August 2023)

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

#### **Dividends**

The Directors do not recommend the payment of a dividend (2022: £nil).

#### **Going concern**

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

The Directors have assessed the going concern of the Company and conclude that they are dependent on the Group to provide support to reach that conclusion. As a member of the Group intra-funding structure, the Company has access to capital resources. In the unlikely event that such support is called upon, the Directors have assessed the willingness and ability to provide the level of financial support required from Rank Group Finance Plc, which manage the Group's treasury function. The Directors considered three downside scenarios for the Group reflecting reduced trading performance, inflationary impacts on the cost base and management-controlled cost mitigations.

In each of the three downside scenarios, the Group will generate sufficient cash to meet its liabilities as they fall due and meet its covenant requirements for the period to 31 October 2024 with scenarios ii) and iii) requiring the implementation and execution of mitigating cost actions within the control of management.

Further the directors considered the ability of the Group to complete a refinancing of its borrowings ahead of maturity of facilities in November 24 and February 25 respectively and are confident based on the successful amend and extend in July 23, improving trading conditions and positive feedback from lenders on the current refinancing in their ability to successfully conclude the refinancing.

This assessment covers a period through to 31 October 2024 and the Directors are satisfied with the support available.

On this basis, and with Rank Group Finance Plc having confirmed in writing, in the event it is required, it will to continue to support the Company for a period until 31 October 2024, the Directors consider it appropriate to adopt the going concern basis for preparing the financial information and in preparing the financial statements they do not include any adjustments that would be required to be made if they were prepared on a basis other than going concern.

Further detail on the Group's assessment of going concern can be found in the Directors' Report in the statutory accounts for Rank Group Finance Plc for the year ended 30 June 2023.

#### **Human resources**

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

Employee involvement in the direction and objectives of the business is encouraged through the use of incentive schemes to focus employees on key performance indicators. In addition, communication and consultation programmes exist at site and Company level. The Company endorses the active application of equal opportunities policies and programmes to provide fair and equitable conditions for all employees regardless of sex, family status, religion, creed, colour, ethnic origin, age, disability or sexual orientation. Further details are included within the Section 172 statement within the Strategic Report on pages 2 to 8.

#### **Future developments**

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

## **GROSVENOR CASINOS LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

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#### **Stakeholder engagement**

Details of engaging with our stakeholders are included in the Strategic Report on pages 2 to 8.

#### **Political donations**

No political donations were made during the financial year (2022: £nil).

#### **UK Streamlined Energy and Carbon Reporting (SECR)**

The Company elected to apply the full exemption available from disclosing information in relation to SECR. A full disclosure of UK SECR can be found in the Group's ARA on pages 67 to 70, which is available at [www.rank.com](http://www.rank.com).

#### **Corporate Governance statement**

As a wholly owned subsidiary of the Rank Group ('Rank'), a listed company on the London Stock Exchange and subject to the 2018 Corporate Governance Code (the 'Code'), the Company has developed governance practices and processes (together, the 'Governance Practices') that are appropriate for the Company.

Rank maintains a group-wide Delegation of Authority and has Governance Practices which are designed to ensure effective governance of all Rank related undertakings, including the Company. The Company has therefore adopted the Governance Practices as the corporate governance principles and arrangements of the Company, which the Directors believe are appropriate for the Company.

The Governance Practices aim to ensure effective decision-making to promote the Company's success for the long term and for the benefit of Rank and the Company's wider stakeholders by: (i) providing checks and balances on financial and other information; (ii) encouraging constructive challenge to Rank's management (in addition to advice and support), and (iii) ensuring timely and high-quality information is received by the Directors.

There have been no departures from the Governance Practices during the year. More detailed disclosure of compliance with the Code are included in the Group's ARA on page 95, which is available at [www.rank.com](http://www.rank.com).

#### **Research and development**

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

#### **Financial risk management**

The Directors acknowledge that the Group's activities, which impact the Company, expose it to a variety of financial risks, including liquidity and funding risk. The Group is reliant on committed debt facilities with four lenders, all of which have specific obligations and covenants that need to be met.

The Group's risk mitigation strategy focuses on:

- continuing to review the Group's capital structure to ensure financing is in place to support investment in the wider business;
- ensuring sufficient cash reserves to navigate through short-term reductions in debt facilities;
- ongoing monitoring of financial position with banks and open dialogue around the provisions;
- Treasury team involved in advance of any major business decisions that could impact banks providing clearing facilities;
- ensure no trading entity is solely reliant on one bank for clearing services.

## **GROSVENOR CASINOS LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

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#### **Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101)) and applicable law. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in UK Generally Accepted Accounting Practice is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and final performance;
- state whether the financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements for the Company on the going concern basis, unless it is appropriate to assume that the Company will not continue in business, in which case there should be supporting assumptions or qualifications

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

#### **Insurance and indemnities**

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

#### **Financial instruments**

The Company finances its activities with a combination of intercompany funding and cash at bank, details of which are disclosed in note 23. Other financial assets and liabilities arise directly from the Company's operating activities.

These financial instruments give rise to market, credit and liquidity risks. As a wholly owned subsidiary of Rank, many of these risks are combined on a Group basis and managed by a centralised treasury team. Details of the financial risk management objectives and policies of this centralised team are disclosed in note 21 of the Group's ARA, which is available at [www.rank.com](http://www.rank.com).

#### **Post balance sheet events**

In August 2023, Rank Group Finance Plc, being the entity within the Group providing financial support to the Company, secured a financing package which totalled £100m of revolving credit facilities. £25m is committed until November 2024 and the remaining £75m is committed until February 2025. The Group subsequently repaid the remaining term loan of £44.4m.

**GROSVENOR CASINOS LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**

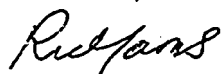
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**Auditors**

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

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

By order of the Board



Mr. R.D. Harris  
Director

Date: 31 October 2023

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROSVENOR CASINOS LIMITED

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### Opinion

We have audited the financial statements of Grosvenor Casinos Limited (the "Company") for the year ended 30 June 2023 which comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the company's ability to continue to adopt the going concern basis of accounting was underpinned by an unconditional letter of support from the group affiliate, Rank Group Finance Plc, which has primary activity to provide funding to subsidiaries within The Rank Group Plc's Group of companies. In evaluating the legitimacy of the letter of support, we critically evaluated the management prepared forecasts for the entire Group of The Rank Group Plc. We have performed the following procedures:

- In conjunction with our walkthrough of the Group's financial statement close process, we confirmed our understanding of Rank's going concern assessment process as well as the review controls in place in relation to the going concern model and management's Board memoranda;
- We have obtained an understanding of management's rationale for the use of the going concern basis of accounting. To challenge the completeness of the assessment, we have independently identified factors that may indicate events or conditions that may cast doubt over the entity's ability to continue as a going concern;
- We have performed the following procedures;

#### *Managements' assessment and assumptions*

- We confirmed our understanding of Rank's going concern assessment process, including how principal and emerging risks were considered;
- We obtained the cash flow forecast models prepared by management to 31 October 2024 used by the Board in its assessment, checking their arithmetical accuracy and agreed the forecasts to the Board approved budgets;
- We evaluated the appropriateness of the duration of the going concern assessment period to 31 October 2024 and considered the existence of any significant events or conditions beyond this period based on our enquiries of management, Group's five year plan and knowledge arising from other areas of the audit.
- We obtained the cash flow, covenant forecasts and sensitivities for the going concern period prepared by management to 31 October 2024 used by the Board in its assessment and tested for arithmetical accuracy of the models and agreed the forecasts to the Board approved budgets. We assessed the reasonableness of the cashflow forecast by analysis of management's historical forecasting accuracy and understanding how any anticipated impact of rising inflation on consumer spending, surge in living costs and energy prices have been modelled

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROSVENOR CASINOS LIMITED (CONTINUED)

- o We evaluated the key assumptions used by management in preparing the modelling and corroborated those to evidence from external sources where available, and considered contrary evidence by considering industry data and forecasts and analyst expectations.
- o We performed independent reverse stress testing to understand how severe the downside scenarios would need to be to result in negative liquidity or a covenant breach. The assessment reflects all maturing debt to 31 October 2024.
- o The audit procedures performed in evaluating the director's assessment were performed by the Group audit team, however, we also considered the financial and non-financial information communicated to us from our component teams as sources of potential contrary indicators which may cast doubt over the Going Concern assessment.
- o We considered whether the Group's forecasts in the going concern assessment were consistent with other forecasts used by the Group in its accounting estimates, including non-current asset impairment and deferred tax asset recognition.

### *Refinancing and bank covenant compliance*

- o We obtained all the group's existing borrowing facility agreements and performed a detailed examination of all agreements, to assess their continued availability to the Group throughout the going concern period and to ensure completeness of covenants identified by management. We engaged our internal debt specialist in understanding the covenant compliance relating to the agreements in place.
- o We assessed the accuracy of management's covenant forecast model on the base case, verifying inputs to board approved forecasts and facility agreement terms.
- o We obtained the signed extensions to the Revolving Credit Facility dated 07 August 2023 and understood the revised terms including maturity and arrangement fees and the impact on covenant and liquidity compliance in the going concern period.
- o We evaluated the compliance of the Group with debt covenants in the forecast period by reperforming calculations of the covenant tests. We further assessed the impact of the downside risk scenarios on covenant compliance and applied sensitivity analysis;
- o We assessed group's ongoing discussions with lenders and the directors' assessment that the group will successfully refinance the facilities beyond February 2025.

### *Stress testing and evaluation of management's plans for future actions*

- o We considered management's downside scenarios of the Group's cash flow forecast models and their impact on forecast liquidity and forecast covenant compliance. Specifically, we considered whether the downside risks were reasonably possible, but not unrealistic and further considered whether the adverse effects could arise individually and collectively.
- o We considered the reverse stress test to understand what it would take to breach available liquidity and exhaust covenant headroom.
- o We considered the likelihood of management's ability to execute feasible mitigating actions available to respond to the downside risk scenarios based on our understanding of the Group and the sector, including considering whether those mitigating actions were controllable by management.

### *Disclosures*

- o We considered whether management's disclosures in the financial statements sufficiently and appropriately reflect the going concern assessment including key judgements made and outcomes underpinning Group's ability to continue as a going concern for the period up to the 31 October 2024

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 October 2024.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROSVENOR CASINOS LIMITED (CONTINUED)**

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### **Other information**

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROSVENOR CASINOS LIMITED  
(CONTINUED)**

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***  
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006, the UK Gambling Commission, Gambling Act 2005, Money Laundering regulations and License Conditions & The Code of Practice 2008. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the FRS 101 financial framework, and those laws and regulations relating to data protection (GDPR).
- We understood how the Company is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes, papers provided to the Audit Committee, correspondence received from regulatory bodies and information relating to the Company's anti-money laundering procedures as part of our walkthrough procedures.
- For matters open in previous years, we have inquired of management for progress and obtained supporting documents.
- We tested management's procedures over anti-money laundering regulations and enhanced due diligence procedures, for a sample of players we;
  - obtained and read know your customer (KYC) documentation to ensure that it was in line with the requirements of the Company policies,
  - where any changes to limits had been granted in the year, for a sample of customers we obtained the account transaction history and procedures and verified that these were in line with the relevant policies and laws and regulations
  - We analysed the list of Self-excluded users for the year to verify that the number of days of exclusion requested by the user has passed before access was granted to the user
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on management to manage earnings or influence the perceptions of analysts. We considered the programmes and controls that the Group has established to address the risk identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved audit procedures in respect of 'Compliance with laws and regulations' (as described above) as well review of board minutes to identify non-compliance with such laws and regulations; review of reporting to the Audit Committee on compliance with regulations; enquiries with the Rank Group's general counsel, group management and Internal audit; testing of manual journals and review of correspondence from Regulatory authorities.
- The Company operates in the gaming industry which is a highly regulated environment. The Senior Statutory Auditor has experience serving clients in a variety of public UK-listed companies including those in highly regulated environments. She reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of experts where appropriate.
- As the gaming industry is highly regulated, we have obtained an understanding of the regulations and the potential impact on the Company and in assessing the control environment, we have considered the compliance of the Company to these regulations as part of our audit procedures which included a review of correspondence received from the regulator.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROSVENOR CASINOS LIMITED (CONTINUED)

- In addition, we worked with our EY specialists to Assist us in understanding the risks in respect of gaming duties in jurisdictions where the appropriate tax treatment is uncertain.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by considering there to be a potential for management override to achieve revenue targets via topside manual journal entries posted to revenue, further identifying revenue to be a fraud risk area. We performed walkthroughs of significant classes of revenue transactions to understand significant processes and identify and assess the design effectiveness of key controls. We used data analytics tools to perform a correlation analysis to identify those revenue journals for which the corresponding entry was not to cash. These identified entries included VAT and customer incentives we obtained corroborating evidence for such entries. For a sample of material customer incentives, we obtained evidence that the expense was correctly netted off against revenue. We verified the recognition and measurement of revenue by tracing a sample of transactions, selected at random throughout the year, to cash banked to verify the accuracy of reported revenue. For venues, we attended and re-performed cash counts at a sample of casino venues, selected using a risk-based approach and also included a random sample, at year end to verify the appropriate cut-off of revenue.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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

*Ernst & Young LLP*

Annie Graham (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Glasgow  
31 October 2023

**GROSVENOR CASINOS LIMITED**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Year ended 30 June 2023			Year ended 30 June 2022		
		Underlying £000	Separately disclosed items (note 3) £000s	Total £000s	Underlying £000	Separately disclosed items (note 3) £000s	Total £000s
Revenue	3	203,101	-	203,101	197,377	-	197,377
Cost of sales		(136,306)	(20,742)	(157,048)	(127,921)	3,356	(124,565)
<b>Gross profit /(loss)</b>		<b>66,795</b>	<b>(20,742)</b>	<b>46,053</b>	<b>69,456</b>	<b>3,356</b>	<b>72,812</b>
Other operating income	4	2	-	2	1,695	27,215	28,910
Other operating costs	4	(69,756)	(3,173)	(72,929)	(53,359)	(327)	(53,686)
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(2,959)</b>	<b>(23,915)</b>	<b>(26,874)</b>	<b>17,792</b>	<b>30,244</b>	<b>48,036</b>
Interest income	5	2,925	-	2,925	260	2,046	2,306
Interest expense	5	(1,675)	-	(1,675)	(1,912)	-	(1,912)
Net interest income/(expense)	5	1,250	-	1,250	(1,652)	2,046	394
<b>(Loss)/profit from ordinary activities before taxation</b>		<b>(1,709)</b>	<b>(23,915)</b>	<b>(25,624)</b>	<b>16,140</b>	<b>32,290</b>	<b>48,430</b>
Taxation	6	122	4,805	4,927	(3,349)	(6,241)	(9,590)
<b>(Loss)/profit for the period</b>		<b>(1,587)</b>	<b>(19,110)</b>	<b>(20,697)</b>	<b>12,791</b>	<b>26,049</b>	<b>38,840</b>

All results are from continuing operations.

**STATEMENT OF COMPREHENSIVE INCOME/(LOSS)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
(Loss)/profit for the year	(20,697)	38,840
<b>Total comprehensive (loss)/income for the year</b>	<b>(20,697)</b>	<b>38,840</b>


The notes on pages 21 to 46 are an integral part of these financial statements.

**GROSVENOR CASINOS LIMITED**  
**BALANCE SHEET**  
**AT 30 JUNE 2023**

	Note	At 30 June 2023 £000	At 30 June 2022 (restated) £000
<b>Non-current assets</b>			
Intangible assets	9	66,630	71,460
Tangible assets	10	37,293	41,800
Right-of-use assets	11	30,941	41,460
		<u>134,864</u>	<u>154,720</u>
<b>Current assets</b>			
Inventories	12	535	551
Other receivables	14	68,270	91,000
Corporation tax receivable		3,267	-
Cash and cash equivalents	19	9,643	5,163
		<u>81,715</u>	<u>96,714</u>
<b>Current liabilities</b>			
Trade and other payables	15	(26,639)	(29,961)
Income tax payable		-	(6,924)
Lease liabilities	16	(14,333)	(12,740)
		<u>(40,972)</u>	<u>(49,625)</u>
<b>Net current assets</b>		40,743	47,089
<b>Total assets less current liabilities</b>		175,607	201,809
<b>Non-current liabilities</b>			
Lease liabilities	16	(28,362)	(39,726)
Deferred tax liability	13	(5,788)	(8,890)
		<u>(34,150)</u>	<u>(48,616)</u>
<b>Provisions for liabilities</b>	17	(9,324)	(364)
<b>Net assets</b>		<u>132,133</u>	<u>152,829</u>
<b>Capital and reserves</b>			
Ordinary share capital	18	39,000	39,000
Retained earnings		93,133	113,829
<b>Total equity</b>		<u>132,133</u>	<u>152,829</u>

The notes on pages 21 to 46 are an integral part of these financial statements.

These financial statements were approved by the Board on 31 October 2023 and signed on its behalf by:



Mr R.D. Harris  
Director

Company Registration No. 00877080

**GROSVENOR CASINOS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Ordinary share capital £000	Retained earnings £000	Total £000
<b>At 1 July 2021</b>	39,000	74,974	113,974
<b>Total comprehensive income:</b>			
Profit for the year	-	38,840	38,840
<b>Transactions with owners:</b>			
Debit in respect of employee share schemes including tax	-	15	15
<b>At 30 June 2022</b>	<b>39,000</b>	<b>113,829</b>	<b>152,829</b>
<b>Total comprehensive income:</b>			
Loss for the year	-	(20,697)	(20,697)
<b>Transactions with owners:</b>			
Credit in respect of employee share schemes including tax	-	9	9
Other		(8)	(8)
<b>At 30 June 2023</b>	<b>39,000</b>	<b>93,133</b>	<b>132,133</b>

The notes on pages 21 to 46 are an integral part of these financial statements.

## GROSVENOR CASINOS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

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#### 1. General information and accounting policies

Grosvenor Casinos Limited is a private Company limited by shares and incorporated and domiciled in England and Wales under registration number 00877080. The address of its registered office is TOR, Saint-Cloud Way, Maidenhead, SL6 8BN.

The principal activity of the Company is the operation of a number of casino clubs in the UK providing gaming and restaurant facilities.

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

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

#### A. Basis of preparation

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

- The requirements of IAS 7 'Statement of Cash Flows';
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures';
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.
- The requirements of paragraph 45(b) and 46-52 of IFRS 2 'Share Based Payments';
- The requirements of IFRS 7 'Financial Instruments: Disclosures';
- The requirements of paragraph 134(d) – 134(f) and 135(c) – 135(e) of IAS 36 'Impairment of Assets';
- The requirements of paragraphs 10(d) and 134 – 136 of IAS 1 'Presentation of Financial Statements'; and
- The requirements of paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 73(e) of IAS 16 'Property, Plant and Equipment', and paragraph 118(e) of IAS 38 'Intangible Assets'
- The requirements of paragraph 52 and paragraphs 90, 91 and 93 of IFRS 16 Leases

The results of the Company, along with the equivalent disclosures in respect of the exemptions listed above are included in Rank Group Plc's ('Group') ARA, details of which are contained in note 24 of these financial statements.

#### B. Changes in accounting policies and disclosures

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

In preparing the financial statements for the current period, the Company has adopted the following new IFRSs, amendments to IFRSs and IFRS Interpretations Committee (IFRIC) interpretations. All standards do not have a significant impact on the results or net assets of the Company:

- Property, plant and equipment: proceeds before intended use (amendment to IAS 16);
- Onerous contracts: cost of fulfilling a contract (amendment to IAS 37);
- Interest rate benchmark reform – Phase 2 (amendment to IAS 39);
- Annual improvements to IFRS Standards 2018 – 2020 (amendment to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- Reference to the conceptual framework (amendment to IFRS 3).

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

At the date of authorisation of the financial statements, the following Standards, amendments and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2 effective for periods beginning on 1 July 2023);
- Definition of accounting estimates (amendments to IAS 8 effective for periods beginning on 1 July 2023);
- Deferred tax related to assets and liabilities arising from a single transaction (amendment to IAS 12 effective for periods beginning on 1 July 2023);
- Liability in a sale and leaseback (amendment to IFRS 16 effective for period beginning 1 July 2024);
- Classification of liabilities as current and non-current (amendment to IAS 1 effective for periods beginning on 1 July 2024)

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**B. Changes in accounting policies and disclosures (continued)**

- Insurance contracts (amendment to IFRS 17 effective for periods beginning on 1 July 2024);
- Non-current liabilities with Covenants (amendment to IAS 1 effective for periods beginning on 1 July 2024).

The Company does not currently believe that the adoption of these new standards or amendments would have a material effect on the results or financial position of the Company.

**C. Going concern**

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

The Directors have assessed the going concern of the Company and conclude that they are dependent on the Group to provide support to reach that conclusion. As a member of the Group intra-funding structure, the Company has access to capital resources. In the unlikely event that such support is called upon, the Directors have assessed the willingness and ability to provide the level of financial support required from Rank Group Finance Plc, which manage the Group's treasury function. The Directors considered three downside scenarios for the Group reflecting reduced trading performance, inflationary impacts on the cost base and management-controlled cost mitigations.

In each of the three downside scenarios, the Group will generate sufficient cash to meet its liabilities as they fall due and meet its covenant requirements for the period to 31 October 2024 with scenarios ii) and iii) requiring the implementation and execution of mitigating cost actions within the control of management.

Further the directors considered the ability of the Group to complete a refinancing of its borrowings ahead of maturity of facilities in November 24 and February 25 respectively and are confident based on the successful amend and extend in July 23, improving trading conditions and positive feedback from lenders on the current refinancing in their ability to successfully conclude the refinancing.

This assessment covers a period through to 31 October 2024 and the Directors are satisfied with the support available.

On this basis, and with Rank Group Finance Plc having confirmed in writing, in the event it is required, it will to continue to support the Company for a period until 31 October 2024, the Directors consider it appropriate to adopt the going concern basis for preparing the financial information and in preparing the financial statements they do not include any adjustments that would be required to be made if they were prepared on a basis other than going concern.

Further detail on the Group's assessment of going concern can be found in the Directors' Report in the statutory accounts for Rank Group Finance Plc for the year ended 30 June 2023.

**D. Accounting estimates and judgements**

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical accounting judgements**

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

*(a) Separately disclosed items ('SDI's')*

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

SDI include but are not limited to:

- Amortisation of acquired intangible assets;
- Profit or loss on disposal of businesses;
- Costs or income associated to the closure of venues;

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**D. Accounting estimates and judgements (continued)**

- Acquisition and disposal costs including changes to deferred or contingent consideration;
- Impairment charges;
- Reversal of previously recognised impairment charges;
- Property-related provisions;
- Restructuring costs as part of an announced programme;
- Retranslation and remeasurement of foreign currency contingent consideration;
- General dilapidations provision interest unwinding;
- General dilapidations asset depreciation;
- Discontinued operations;
- Significant, material proceeds from tax appeals, and
- Tax impact of all the above.

For further detail of those items included as SDIs, refer to note 4.

*(b) Dilapidation costs*

The provision represents the estimated cost of dilapidation at the end of the lease term of certain properties. The provision is reviewed periodically and reflects judgement in the interpretation of lease terms and negotiation positions with landlords including the likelihood that the current leasehold properties may be subject to redevelopment at the end of lease term.

The Company's provisions are estimates of the actual costs and timing of future cash flows, which are dependent on future events, property exits and market conditions. Thus, there is inherently an element of estimation uncertainty within the provisions recognised by the Company. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

Key sources of estimation uncertainty

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

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

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

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

Consistent with the prior year, the Company has assessed the continuing impact of COVID-19 risk into the impairment testing of non-financial assets and included additional sensitivity analysis in the disclosures. The key judgement is the level of trading in the venues and its recovery following reopening, overall macroeconomic conditions and its impact on estimated future cashflows. Further details of the assumptions, estimates and sensitivity are disclosed in note 8.

*(ii) Dilapidation provision*

Provisions for dilapidations are recognised where the Company has the obligation to make-good its leased properties. These provisions are measured based on historically settled dilapidations which form the basis of the estimated future cash outflows. Any difference between amounts expected to be settled and the actual cash outflow will be accounted for in the period when such determination is made.

The Company's provisions are estimates of the actual costs and timing of future cash flows, which are dependent on future events, property exits and market conditions. Thus, there is inherently an element of estimation uncertainty within the provisions recognised by the Company. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.



**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**D. Accounting estimates and judgements (continued)**

*(iii) Income taxes*

The Company is subject to income taxes in numerous jurisdictions and as such requires judgements to be made as well as best estimates and assumptions.

Judgement must be applied in assessing the likely outcome of certain tax matters whose final outcome may not be determined for a number of years. These judgements are reassessed in each period until the outcome is finally determined through resolution with a tax authority and/or through a legal process. Differences arising from changes in judgement or from final resolution may be material and will be charged or credited to the Company income statement in the relevant period.

Further details of income tax are disclosed in note 6

**E Revenue recognition**

Revenue consists of the fair value of sales of goods and services net of sales taxes, rebates and discounts.

The fair value of free bets, promotions and customer bonuses ('customer incentives') are also deducted from appropriate revenue streams.

*(a) Gaming win – Casino*

Revenue for casinos includes gaming win before deduction of gaming-related duties for venue and online gaming. Although disclosed as revenue, gaming win – casino is accounted for and meets the definition of a gain under IFRS 9 'Financial Instruments'. Gaming revenue includes gains and losses arising where customers play against the house. Due to the nature of the transaction, the amount of the payment the Company may be obliged to pay to the customer is uncertain. The financial instrument is therefore a derivative and is initially recognised at fair value and subsequently remeasured to fair value with changes in fair value recorded in the income statement. The initial fair value is generally the amount staked by the customer and includes adjustment for customer incentives, such as free bets, promotions and customer bonuses, where applicable. The instrument is subsequently remeasured when the result of the transaction is known and the amount payable is confirmed. This movement may be a gain or a loss. Gains and losses are offset on the basis that they arise from similar transactions. Such gains and losses are recorded in revenue.

*(b) Gaming win – Poker*

Revenue for poker represents the rake received. The Company's income earned from the above is recognised when control of the goods or services are transferred to the customer and is within the scope of IFRS 15.

*(c) Food, beverage and others*

Revenue from food, beverage and other sales is recognised at the point of sale when control of the goods or services are transferred to the customer and is within the scope of IFRS 15.

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**F. Financial assets**

*(a) Initial recognition and measurement*

Financial assets within the scope of IFRS 9 are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ('OCI'), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

*(b) Subsequent measurement*

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

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

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

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

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

*(c) Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's balance sheet) when:

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

*(d) Impairment*

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

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

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

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**G. Financial liabilities**

*(a) Initial recognition and measurement*

Financial liabilities within the scope of IFRS 9 are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

*(b) Subsequent measurement*

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

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

*(i) Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the income statement.

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

*(ii) Financial liabilities at amortised cost*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

*(c) Derecognition*

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

*(d) Offsetting of financial instruments*

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

**H. Leases**

The Company leases various properties and equipment. Rental contracts are made for various fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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

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

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

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

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**H. Leases (continued)**

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

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

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

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

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

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Company as a lessee.

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

**I. Provisions, contingent liabilities and regulatory matters**

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

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

The Company's policy is to engage collaboratively with regulators and address any concerns raised as soon as possible. The Company takes legal advice, as appropriate, as to the manner in which it should respond to matters raised and the potential outcome. However, for the majority of these matters, the Directors are unable to quantify reliably the likelihood, timing and outflow of funds that may result, if any.

For material matters where an outflow of funds is probable and can be measured reliably based on the latest information available at the reporting date, amounts have been recognised in the financial statements within provisions.

**J. Tangible assets**

Tangible assets are stated at cost, net of accumulated depreciation and impairment. Such cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**J. Tangible assets (continued)**

Depreciation is calculated on assets using the straight-line method to allocate their cost less residual values over their estimated useful lives, as follows:

- |   |                                 |
|---|---------------------------------|
| • Freehold and leasehold property         | 50 years or lease term if less; |
| • Refurbishment of property               | 5 -20 years or lease term;      |
| • Fixtures, fittings, plant and machinery | 3 - 20 years.                   |

Residual values and useful lives are reviewed at each balance sheet date, and adjusted prospectively, if appropriate. Land is not depreciated.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

Pre-opening costs are expensed to the income statement as incurred.

Assets under construction: included in plant and machinery are amounts relating to expenditure for assets in the course of construction.

**K. Intangible assets**

*(a) Computer software and other development costs*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives (3 to 5 years).

Costs associated with maintaining computer software programmes are recognised as expenses are incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets for both externally purchased and internally developed software. Direct costs include employee costs for software development.

Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives (3 to 5 years).

*(b) Casino and other gaming licences and concessions*

The Company capitalises purchased casino and other gaming licences and concessions. The amount capitalised is the difference between the price paid for a casino property and the associated licence and the fair value of a similar property without a casino licence. Management believes that casino and other gaming licences have indefinite lives as there is no foreseeable limit to the period over which the licences are expected to generate net cash inflows and each licence holds a value outside the property in which it resides. Each licence is reviewed annually for impairment. Any costs incurred in renewing casino licences are expensed as incurred.

Amortisation on casino and other gaming licences is recognised on a straight-line basis over their estimated useful lives (10 years) unless such lives are indefinite.

**L. Impairment or subsequent reversal of previously recognised impairment for non-financial assets**

Assets that have an indefinite useful life are not subject to depreciation or amortisation and are tested for impairment whenever there is an indication that the asset may be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or where they indicate a previously recognised impairment may no longer be required.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

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

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

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**L. Impairment or subsequent reversal of previously recognised impairment for non-financial assets (continued)**

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. Reversals are allocated pro-rata across all assets in the cash-generating unit unless there is an indication that a class of asset should be reversed in the first instance or a fair market value exists for one or more assets. A reversal of an impairment loss is recognised in the income statement immediately.

**M. Employee benefit costs**

*(a) Pension obligations*

The Company participates in a defined contribution plan under which the Company pays fixed contributions to a separate entity. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

*(b) Share-based compensation*

The Company operates share-based payment schemes relating to Rank. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

*(c) Bonus plans –*

The Company recognises a liability in respect of the best estimate of bonuses payable where contractually obliged to do so or where past practice has created a constructive obligation.

**N. Cash and short-term deposits**

Cash comprises cash in hand, balances with banks and on-demand deposits, and cash with payment service providers. Short-term deposits are short term, highly liquid investments that are readily convertible to known amounts of cash. They include short-term deposits originally purchased with maturities of three months or less.

**O. Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost of inventory is determined on a “first in, first out” basis. The cost of finished goods comprises goods purchased for resale. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. When necessary, provision is made for obsolete and slow-moving inventories.

**P. Taxation**

*(a) Current tax*

Current tax assets and liabilities for the current and prior periods are measured as the amount expected to be paid or to be recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date.

Current tax relating to items recognised directly in equity is recognised in equity and not the income statement.

Management evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation at each reporting date and establishes provisions where appropriate.

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**P. Taxation (continued)**

*(b) Deferred tax*

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if deferred tax arises from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

*(c) Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and
- For receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**Q. Share capital**

Ordinary shares are classified as equity.

**R. Dividends**

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

**S. Separately disclosed items ('SDIs')**

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

**T. Interest income and expense**

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

**U. Prior period restatement**

During the year, the Company identified a balance of £13.3m of cash which had been recorded within Amounts owed by parent and fellow subsidiary undertakings in the prior year financial statements. The correction of this error would result in the cash balance being appropriately grossed up to reflect the true cash and intercompany position at the of the 2022 financial year. Please refer to Note 2 where this has been assessed further.

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. Prior period restatement**

During the year, the Company identified a balance of £13.3m of cash which had been recorded within Amounts owed by parent and fellow subsidiary undertakings in the prior year financial statements. The correction of this error would result in the cash balance being appropriately grossed up to reflect the true cash and intercompany position at the of the 2022 financial year. The original and restated balances are presented as per the below:

	Original balance as of 30 June 2022 £000	Adjustment £000	Restated balance as of 30 June 2022 £000
Cash at bank and in hand/(Overdraft)	(8,142)	13,305	5,163
Amounts owed by parent and fellow subsidiary undertakings	95,272	(13,305)	81,967

**3. Revenue**

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
<b>Geographical market</b>		
UK	203,101	197,377
<b>Total</b>	<b>203,101</b>	<b>197,377</b>

An analysis of the Company's revenue by category is as follows:

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
<b>Category</b>		
Gaming win	188,226	183,051
Food and beverage	12,256	12,290
Other	2,619	2,036
<b>Total</b>	<b>203,101</b>	<b>197,377</b>

**4. Operating (loss)/profit for the year**

The following items have been charged/(credited) in arriving at operating (loss)/profit for the year:

	Note	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
Other operating income		(2)	(1,695)
Staff costs	20	69,936	59,122
Cost of stock recognised as expense		6,789	6,194
Amortisation of intangibles	9	293	279
Depreciation of property, plant and equipment	10	12,457	12,788
Depreciation of right-of-use assets	11	8,335	9,812
Separately disclosed items (see below)		(23,915)	(30,244)
Repairs and maintenance expenditure on tangible assets		4,357	4,028

Other operating income related to government grants received from reimbursement of employee costs relating to staff furloughed due to COVID-19 under the Coronavirus Job Retention Scheme. During the prior financial year, a government grant of £1.7m was further received and subsequently £2.3m was fully settled. There are no government grant receivables outstanding at 30 June 2023.

Audit fees of £39k (2022: £11k) have been borne by a fellow Group company, Rank Leisure Holdings Limited.



**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. Operating (loss)/profit for the year (continued)**

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

		Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
Impairment charges	8,9,10	(25,233)	2,817
Impairment reversal	9,10	4,601	(6,173)
Property-related provisions		(1,492)	327
Closed clubs		(1,329)	-
Restructuring and relocation costs		(462)	-
VAT claim		-	(27,215)
<b>Separately disclosed items</b>		<b>(23,915)</b>	<b>(30,244)</b>
Interest on VAT claim		-	(2,046)
Taxation		4,805	6,241
<b>Total separately disclosed items</b>		<b>(19,110)</b>	<b>(26,049)</b>

*Impairment charges and reversals*

During the year, the Company recognised impairment charges of £25.2m and impairment reversals of £4.6m. The impairment charges were recognised for a number of reasons, including lower than anticipated performances, further reduction in forecast earnings in Grosvenor venues and a decision to close one Grosvenor venue. The reversals were driven by better than anticipated performances and improved outlook in the identified Grosvenor venues.

The impairment charges and impairment reversals are material, non-cash and non-operational related items and as such, have been excluded from the underlying result.

*Property-related provisions*

The company recognised a dilapidation liability (and corresponding dilapidation asset) of £7.4m. As a result, the Company has recognised dilapidation asset depreciation of £0.9m (2022: £nil) and interest on dilapidation liability of £0.6m (2022: £nil) both recognised as separately disclosed items. In prior years and as a result of the COVID-19 lockdown, the Company determined it was probable that they will be required to make payments under a property arrangement for which the liability will revert to the company if the tenant defaults. A provision of £4.7m was recognised, being the present value of the amount expected to be paid over the remaining term of the lease.

During the prior year, the company re-considered this provision in light of the current circumstances and situation for the company, the guarantors and the property tenants. It was determined that payment was no longer probable and therefore, the provision was released in full.

This is a material, one-off provision and as such has been excluded from underlying results consistent with the original recognition of the provision.

*Restructuring and relocation costs*

This was a multi-year change programme for the Company focused around revenue growth, cost savings, efficiencies and ensuring the key enablers are in place. The transformation programme was started in January 2019 and expected to complete by 31 December 2021 but due to COVID-19 this period was extended. The multi-year change programme was a material, infrequent programme and was not considered to be part of the underlying business performance.

*Closure of venues*

During the year, the Company made the decision to close a number of Grosvenor venues at a total cost of £1.3m (2022: £nil). These relate to onerous contracts, dilapidations and strip out costs on leased sites that have been identified for closure. Upon initial recognition of closure provisions, management uses its best estimates of the relevant costs to be incurred, as well as the expected closure dates.

These are material, one-off costs and as such have been excluded from underlying results.

*VAT claim*

On 30 June 2021, the Company was informed that the First-tier Tribunal ('FTT') had allowed the appeal of the Group on its claim to be refunded VAT paid on the takings from gaming machines during the period April 2006 to January 2013. Whilst this was a positive decision for the Company, HMRC had a number of avenues of appeal

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. Operating (loss)/profit for the year (continued)**

before this matter reached a definitive conclusion, beginning with an initial 56-day period from the date of decision in which to lodge an appeal and agree the exact guarantee of the claim with the Company.

On 2 December 2021, the refund has been received in relation to this claim comprising £27.2m principal and interest of £2.0m. This confirms the closure of the claim and the Company assessed no further appeal opportunities to any parties.

This is a material, one-off amount and as such has been excluded from underlying results.

**5. Interest**

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
<b>Interest income</b>		
Interest income from Group companies	2,902	237
Interest income on leases	23	23
Interest income on VAT claim – SDI	-	2,046
<b>Total</b>	<b>2,925</b>	<b>2,306</b>
<b>Interest expense</b>		
Interest expense on lease liabilities	(1,675)	(1,912)
<b>Total</b>	<b>(1,675)</b>	<b>(1,912)</b>
<b>Total net interest income</b>	<b>1,250</b>	<b>394</b>

**6. Taxation**

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
<b>Current tax</b>		
UK corporation tax in respect of current year	(954)	3,071
Separately disclosed items	(990)	2,144
Adjustment in respect of prior years	119	3,806
<b>Total current tax</b>	<b>(1,825)</b>	<b>9,021</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,505	(13)
Separately disclosed items	(3,815)	4,096
Impact of rate changes on deferred tax	(765)	239
Adjustment in respect of prior years	(27)	(3,753)
<b>Total deferred tax</b>	<b>(3,102)</b>	<b>569</b>
<b>Tax (credit)/charge in the income statement</b>	<b>(4,927)</b>	<b>9,590</b>

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. Taxation (continued)**

**Tax on items charged to equity**

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
<b>Current tax</b>		
Deferred tax charge on employee share schemes	-	(5)
<b>Total tax credit to equity</b>	<u>-</u>	<u>(5)</u>

Current tax on separately disclosed items is comprised as follows:

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
VAT claim and associated interest	-	2,251
Impairment of right-of use assets	(678)	(44)
Dilapidations	(144)	-
Closure of venues	(123)	(51)
Restructuring and relocation costs	(45)	(12)
<b>Total current tax (credit)/charge on separately disclosed items</b>	<u>(990)</u>	<u>2,144</u>

Deferred tax on separately disclosed items is comprised as follows:

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
VAT claim and associated interest	-	3,308
Impairment of right-of use assets	(833)	-
Impairment of venues	(2,599)	788
Dilapidations	(176)	-
Closure of venues	(151)	-
Restructuring and relocation costs	(56)	-
<b>Total deferred tax (credit)/charge on separately disclosed</b>	<u>(3,815)</u>	<u>4,096</u>

The adjustments in respect of prior periods predominantly relate to taxable losses generated in the year ended 30 June 2021. A current tax credit was recognised in the prior period in anticipation of these losses being carried back. The losses are instead to be carried forward to offset future taxable profits and therefore the credit is now recognised as deferred tax.

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. Taxation (continued)**

The tax on the Company's profit before tax differs from the standard rate of UK corporation tax in the period of 19.00% (2021: 19.00%), which represents 9 months of 19.00% and 3 months of 25.00%. The differences are explained below:

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
(Loss)/profit before tax	(25,624)	48,430
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.50% (2022:19.00%)	(5,253)	9,202
Effects of:		
Expenses not deductible for tax purposes	1,035	91
Income not subject to tax	(36)	-
Adjustment in respect of prior years	92	53
Impact of rate changes on deferred tax	(765)	239
Amount recognised in equity	-	5
<b>Tax (credit)/charge in the income statement</b>	<b>(4,927)</b>	<b>9,590</b>

**Factors affecting future tax charges**

On 20 June 2023 the UK Finance Bill was substantively enacted in the UK, including legislation to implement the OECD Pillar Two income taxes for periods beginning on or after 1 January 2024. The Company has applied the exception in the Amendments to IAS 12 issued in May 2023 and has neither recognised nor disclosed information about deferred tax assets or liabilities relating to Pillar Two income taxes.

UK corporation tax is calculated at 20.50% (2022: 19.00%) of the estimated assessable profit for the period.

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

The rate increase will increase the amount of cash tax payments to be made by the Company.

**7. Dividends**

The Directors do not recommend the payment of a dividend (2022: £nil).

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8. Impairment review of intangible assets, tangible assets and right of use assets**

The carrying value of indefinite life casino licences as at 30 June 2023 was £65.2m (2022: £70.6m). The recoverable amount has been determined based on a value in use calculation using cash flow projections over the length of the associated lease or 50 years for freehold properties.

As a result of the year-end impairment review, we recognised that some Grosvenor venues have indicators of impairment, primarily caused by lower than anticipated performance post the pandemic and low level of forecast earnings. The Company recognised impairment charge of £25.2m (2021: £2.8m) for the year within SDI relating to intangible assets, tangible assets and right of use assets (see Notes 8, 9 and 10 respectively).

During the year, the Company also recognised a reversal of previously impaired assets of £4.6m (2022: £6.2m) driven by better than anticipated performance and improved outlook in the identified Grosvenor venues.

The Company considers each venue to be a separate cash-generating unit ('CGU'). The individual Grosvenor venues are aggregated for the purposes of allocating the Grosvenor goodwill.

As at 30 June 2023, goodwill and indefinite life intangible assets considered significant in comparison to the Group's total carrying amount of such assets have been allocated to groups of CGUs as follows:

	Goodwill		Intangible assets	
	2022/23 £m	2021/22 £m	2022/23 £m	2021/22 £m
Grosvenor – group of CGUs <sup>1</sup>	80.9	80.9	179.5	206.4

*1. Each Grosvenor venue is a separate CGU, this includes Grosvenor Casino Limited and Grosvenor Casino (GC) Limited goodwill and intangible assets. Each venue holds at least one licence, but can hold multiple licences, which represents an indefinite life intangible asset. The individual Grosvenor venues are aggregated for the purposes of allocating the Grosvenor goodwill.*

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment as required by IAS 36. If any such indication exists, then the asset's or CGU's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives, the recoverable amount of the related CGU or group of CGUs is estimated each year at the same time. The recoverable amount is determined based on the higher of the fair value less costs of disposal and value in use. The nature of the test requires that the Directors exercise judgement and estimation.

The impairment test was conducted in June 2023, and management is satisfied that the assumptions used were appropriate.

Testing is carried out by allocating the carrying value of these assets to CGUs, as set out above, and determining the recoverable amounts of those CGUs. The individual CGUs were first tested for impairment and then the group of CGUs to which goodwill is allocated were tested. Where the recoverable amount exceeds the carrying value of the CGUs, the assets within the CGUs are considered not to be impaired. If there are legacy impairments for such assets, except goodwill, these are considered for reversal.

The recoverable amounts of all CGUs or group of CGUs have been calculated with reference to their value in use. Value in use calculations are based upon estimates of future cash flows derived from the Group's strategic plan for the following three years. The strategic plan is updated in the final quarter of the financial year and has been approved by the Board of Directors. Future cash flows will also include an estimate of long-term growth rates which are estimated by business unit.

Pre-tax discount rates are applied to each CGU or group of CGUs' cash flows and reflect both the time value of money and the risks that apply to the cash flows of that CGU or group of CGUs. These estimates have been calculated by external experts and are based on typical debt and equity costs for listed gaming and betting companies with similar risk profiles. The rates adopted are disclosed in the table below.

	Pre-tax discount rate		Long-term growth rate	
	2022/23	2021/22	2022/23	2021/22
Grosvenor venues	12.17%	11.3%	2%	2%

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8. Impairment review of intangible assets, tangible assets and right of use assets (continued)**

Expenses are assessed separately by category. Assumptions include an extrapolation of recent cost inflation trends, known inflation trends such as national living wage and an expectation that costs will be incurred in line with agreed contractual rates.

Where a CGU does not have goodwill or indefinite life intangible assets, the CGU is only assessed for impairment where an indicator of impairment to the associated definite life intangible, right-of-use assets and/or property, plant and equipment is identified.

The approach to determine recoverable amounts for a CGU without goodwill or indefinite life intangibles is the same as that described above and is determined based on the higher of fair value less costs of disposal and value in use.

As a result of the procedures outlined above, the following impairment charges and impairment reversal have been recognised during the year and disclosed within SDIs in the Group income statement.

	Property, plant and equipment £m	Right-of- use asset £m	Intangible assets £m	Total £m
Impairment charges				
Grosvenor venues <sup>1</sup>	(15.4)	(4.0)	(5.8)	(25.2)
Impairment reversals				
Grosvenor venues <sup>1</sup>	3.7	0.9	-	4.6
Net impairment (charge) reversals	(11.7)	(3.1)	(5.8)	(20.6)

1. Impairment charge and reversal are recorded at the different individual Grosvenor venue CGUs. The total value in use of the CGUs where an impairment charge or impairment reversal was recognised totalled to £108.7m.

During the year, the Company also recognised a reversal of previously impaired assets of £4.6m (2022: £13.3m) relating to Grosvenor venues. The reversals were driven by better than anticipated performance and improved outlook in the identified Grosvenor venues.

**Sensitivity of impairment review**

The calculation of value in use is most sensitive to the following assumptions:

- revenue growth
- discount rates
- growth rates used to extrapolate cash flow beyond the forecast period

Revenue growth – the Group prepared cash flow projections derived from the most recent budget for the year ending 30 June 2024 and the Group's medium-term strategic plan to 30 June 2027, which applied a growth rate reflecting management's strategy for a period of three (3) years based on past performance and expectations of future changes in the market and Group's operating model.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Growth rate estimates – Medium-term growth rates applied to the value-in-use calculations of each CGU reflect management's strategy for a period of three (3) years to five (5) years. Terminal values were determined using a long-term growth assumption for each CGU noted in the table above.

Earnings multiples – utilised in determining the terminal value within the Grosvenor CGUs

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8. Impairment review of intangible assets, tangible assets and right of use assets (continued)**

The Group assessed the impact of climate change in the impairment review and considers that the most significant impacts would be in relation to the cost of energy to the Group for which best estimates have been factored into future forecasts. The Group constantly monitors the latest government legislation in relation to climate related matters. At the current time, no legislation has been passed that will impact the Group. The Group will adjust the key assumptions used in value in use calculations and sensitivity to changes in assumptions should a change be required.

The Group has carried out sensitivity analysis on the reasonable possible changes in key assumptions in the impairment tests for (a) each CGU or group of CGUs to which goodwill has been allocated and (b) its venue CGUs (including indefinite life intangible assets).

For Grosvenor venues, the following sensitivities would result in changes to the recognised impairments.

The Grosvenor CGUs are comprised of venues from both Grosvenor Casinos Limited and Grosvenor Casinos (GC) Limited.

Key assumption	Reasonable possible change	Impact on impairment	£m
Revenue growth	10% decrease in revenue in year 1 – London	Increase	(0.9)
	10% decrease in revenue in year 1 – Rest of UK	Increase	(2.5)
	10% increase in revenue in year 1 – London	Decrease	-
	10% increase in revenue in year 1 – Rest of UK	Decrease	1.4
Pre-tax discount rates	1% decrease in discount rates	Decrease	1.1
	1% increase in discount rates	Increase	(1.0)
Earnings multiples	10% decrease in earnings multiples	Increase	(2.2)
	10% increase in earnings multiples	Decrease	1.5
Long-term growth rates	1% decrease in long-term growth rates	Increase	(0.3)
	1% increase in long-term growth rates	Decrease	0.3

**9. Intangible assets**

	Computer software £000	Casino licences £000	Total £000
<b>Cost</b>			
At 1 July 2022	4,341	79,434	83,775
Additions	558	-	558
Reallocation <sup>1</sup>	1,396	-	1,396
At 30 June 2023	6,295	79,434	85,729
<b>Aggregate amortisation and impairment</b>			
At 1 July 2022	(3,445)	(8,870)	(12,315)
Charge for the year	(293)	-	(293)
Impairment charge	(2)	(5,819)	(5,821)
Reallocation <sup>1</sup>	(670)	-	(670)
At 30 June 2023	(4,410)	(14,689)	(19,099)
<b>Net book value</b>			
At 30 June 2022	896	70,564	71,460
At 30 June 2023	1,385	65,245	66,630

<sup>1</sup> Management identified £0.7m of net book value which should be reclassified from property, plant and equipment to intangible assets. These have been reflected in the reallocation line in the note above.

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**9. Intangible assets (continued)**

Net impairment for the year of £5.8m (2022: £1.8m) have been recognised in respect of SDI, comprising of an impairment charge of £5.8m (2022: £0.3m) and impairment reversals of £nil (2022: £2.2m). There were no impairment charges or reversals in the prior year.

**10. Tangible assets**

	Freehold land and buildings £000	Leasehold land and buildings £000	Fixtures, fittings, plant and machinery £000	Leasehold improvement s £000	Total £000
<b>Cost</b>					
<b>At 1 July 2022</b>	9,577	25,380	190,435	-	225,392
Additions	35	401	12,514	7,401	20,351
Disposals	-	-	(203)	-	(203)
Reallocation <sup>1</sup>	-	-	(1,396)	-	(1,396)
<b>At 30 June 2023</b>	<b>9,612</b>	<b>25,781</b>	<b>201,350</b>	<b>7,401</b>	<b>244,144</b>
<b>Aggregate depreciation and impairment</b>					
<b>At 1 July 2022</b>	(4,882)	(21,433)	(157,278)	-	(183,593)
Charge for the year	(54)	(1,033)	(10,422)	(948)	(12,457)
Disposals	-	-	203	-	203
Impairment charge	(953)	(1,041)	(10,935)	(2,446)	(15,375)
Impairment reversal	-	-	3,319	382	3,701
Reallocation <sup>1</sup>	-	-	670	-	670
<b>At 30 June 2023</b>	<b>(5,889)</b>	<b>(23,507)</b>	<b>(174,443)</b>	<b>(3,012)</b>	<b>(206,851)</b>
<b>Net book value</b>					
<b>At 30 June 2022</b>	<b>4,695</b>	<b>3,947</b>	<b>33,158</b>	<b>-</b>	<b>41,800</b>
<b>At 30 June 2023</b>	<b>3,723</b>	<b>2,274</b>	<b>26,907</b>	<b>4,389</b>	<b>37,293</b>

<sup>1</sup> Management identified £0.7m of net book value which should be reclassified from property, plant and equipment to intangible assets. These have been reflected in the reallocation line in the note above.

**Assets under construction**

Included in plant and machinery are assets in the course of construction of £1.9m (2022: £2.3m).

**Land**

Included in freehold land and buildings is freehold land of £2,712k (2022: £2,712k).

**Impairment**

Net impairment for the year of £11.7m (2022: £1.7m) have been recognised in respect of SDI, comprising of an impairment charge of £15.4m (2022: £1.2m) and impairment reversals of £3.7m (2022: £2.9m).



**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**11. Right-of-use assets**

	<b>Right-of- use land and buildings £000</b>	<b>Right-of- use Fleet and machinery £000</b>	<b>Total £000</b>
<b>Cost</b>			
<b>At 1 July 2022</b>	69,843	1,357	71,200
Additions	953	-	953
<b>At 30 June 2023</b>	<u>70,796</u>	<u>1,357</u>	<u>72,153</u>
<b>Aggregate depreciation and impairment</b>			
<b>At 1 July 2022</b>	(28,617)	(1,123)	(29,740)
Charge for the year	(8,196)	(139)	(8,335)
Impairment charge	(4,037)	-	(4,037)
Impairment reversal	900	-	900
<b>At 30 June 2023</b>	<u>(39,950)</u>	<u>(1,262)</u>	<u>(41,212)</u>
<b>Net book value</b>			
<b>At 30 June 2022</b>	<u>41,226</u>	<u>234</u>	<u>41,460</u>
<b>At 30 June 2023</b>	<u>30,846</u>	<u>95</u>	<u>30,941</u>

Net impairment charge for the year of £3.1m (2022: £0.2m) have been recognised in respect of SDI, comprising of an impairment charge of £4.0m (2022: £1.3m) and impairment reversals of £0.9m (2022: £1.1m). There were no impairment charges or reversals in the prior year.

**12. Inventories**

	<b>At 30 June 2023 £000</b>	<b>At 30 June 2022 £000</b>
Finished goods	<u>535</u>	<u>551</u>

There were no write downs of inventories in either year.

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**13. Deferred tax**

Deferred tax is included in the balance sheet as follows:

	At 30 June 2023 £000	At 30 June 2022 £000
Accelerated capital allowances	5,155	6,146
Other temporary differences	1	3
Tax losses	3,758	877
Right-of-use assets	1,180	1,420
<b>Deferred tax asset</b>	<b>10,094</b>	<b>8,446</b>
Casino licences	(15,882)	(17,336)
<b>Deferred tax liability</b>	<b>(15,882)</b>	<b>(17,336)</b>
<b>Net deferred tax liability</b>	<b>(5,788)</b>	<b>(8,890)</b>

**Deferred tax in the income statement**

Accelerated capital allowances	991	746
Casino licences	(1,454)	457
Right-of-use assets	240	240
Tax losses	(2,881)	(877)
Other temporary differences	2	3
<b>Deferred tax (credit)/charge in the income statement</b>	<b>(3,102)</b>	<b>569</b>

The reconciliation of movement in the net deferred tax liability is as follows:

Net deferred tax liability at start of year	(8,890)	(8,326)
Deferred tax credit/(charge) in the income statement	3,102	(569)
Deferred tax credit to equity	-	5
<b>Net deferred tax liability at end of year</b>	<b>(5,788)</b>	<b>(8,890)</b>

**14. Other receivables**

	At 30 June 2023 £000	At 30 June 2022 (restated) £000
Amounts owed by parent and fellow subsidiary undertakings	64,835	81,967
Other receivables	884	1,651
Prepayments and accrued income	2,551	7,382
<b>Amounts falling due within one year</b>	<b>68,270</b>	<b>91,000</b>

The carrying values of receivables are assumed to approximate to their fair value due to their short-term nature. This includes amounts owed by fellow group companies which are unsecured and repayable on demand. Intercompany interest is charged at a rate of 3.00% (2022: 0.31%).

No class of receivables were impaired at either balance sheet date. Other receivables do not contain impaired or past due assets.

The movement between the balance sheet dates reflects the movement in the intercompany loans. Cash generated during the period was pooled in accordance with the Group's treasury policy to a fellow subsidiary as in prior years.

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

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**15. Trade and other payables**

	At 30 June 2023 £000	At 30 June 2022 £000
Trade payables	2,734	7,804
Other tax and social security	13,220	13,031
Accruals	10,685	9,126
<b>Current</b>	<b>26,639</b>	<b>29,961</b>

The Company's trade payables are all due within one year. Due to the short-term nature of these payables the carrying value equates to the contractual amount due as the impact of discounting is not considered material.

**16. Leases**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	At 30 June 2023 £000
<b>As at 1 July 2022</b>	<b>52,466</b>
Additions	953
Accretion of interest	1,675
Payments	(12,399)
<b>As at 30 June 2023</b>	<b>42,695</b>
Current liabilities	14,333
Non-current liabilities	28,362
<b>Total</b>	<b>42,695</b>

The maturity analysis of lease liabilities is disclosed below:

	At 30 June 2023	At 30 June 2023
	Present value of the minimum lease payments £000	Total minimum lease payments £000
Not later than one year	14,333	16,061
After one year but not more than five years	28,362	31,862
After five years	-	-
	<b>42,695</b>	<b>47,923</b>
Less: total future interest expenses		(5,228)
<b>Present value of lease liabilities</b>		<b>42,695</b>

The following are the amounts recognised in income statement:

	Year ended 30 June 2023 £000
Depreciation expense of right-of-use assets	8,335
Interest expense on lease liabilities	1,675
<b>Total amount recognised in income statement</b>	<b>10,010</b>

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**16. Leases (continued)**

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

**17. Provision for other liabilities and charges**

	Property related provisions £000	Indirect tax provision £000	Pay provision £000	Total £000
<b>At 1 July 2022</b>	-	296	68	364
Created	7,358	-	-	7,358
Released to income statement - SDI	1,492	-	-	1,492
Change in discount rate	168	-	-	168
Utilised in the year	(58)	-	-	(58)
<b>At 30 June 2023</b>	<b>8,960</b>	<b>296</b>	<b>68</b>	<b>9,324</b>
			<b>At 30 June 2023 £000</b>	<b>At 30 June 2022 £000</b>
Current			364	364
Non-current			8,960	-
<b>Total</b>			<b>9,324</b>	<b>364</b>

*Property-related provisions*

The balance of £8.9m (2022: £nil) pertains to dilapidations provisions, which relates to unavoidable costs that the Company would need to pay in order to restore a property to its original condition under contractual obligations.

*Indirect tax provision*

The indirect tax provision relates to an amusement machine licence duty claim by HMRC. The balance of £296k (2022: £296k) represents the Director's best estimate of the outflow likely to arise.

*Pay provision*

The balance of £68k (2022: £68k) relates to the remaining settlements associated with the National Minimum Wage Regulations for those employees for whom the Company is still in contact for payment details.

**18. Ordinary share capital**

	<b>At 30 June 2023 £000</b>	<b>At 30 June 2022 £000</b>
<b>Authorised, issued and fully paid</b>		
39,000,000 ordinary shares of 100p each	39,000	39,000

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**19. Cash and cash equivalents**

Cash and cash equivalents comprise the following:

	At 30 June 2023 £000	At 30 June 2022 (Restated) £000
Cash at bank	9,643	5,163
<b>Total</b>	<b>9,643</b>	<b>5,163</b>

**20. Employees and directors**

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
<b>Employee benefit expense during the year</b>		
Wages and salaries	62,777	52,971
Social security costs	5,360	4,417
Pension contribution costs	1,791	1,726
Share based payments	8	8
<b>Total</b>	<b>69,936</b>	<b>59,122</b>

The average monthly number of employees in the year was 2,654 (2022: 2,773).

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
<b>Directors</b>		
Aggregate emoluments	335	390
Company contributions to pension schemes	15	32
<b>Total</b>	<b>350</b>	<b>422</b>
<b>Highest paid director</b>		
Aggregate emoluments	200	192
Company contributions to pension schemes	11	18
<b>Total</b>	<b>211</b>	<b>210</b>

Certain Directors' remuneration is ultimately borne by the parent undertaking, The Rank Group Plc ('Rank Group') through its subsidiary Rank Leisure Holdings Limited, therefore the figures shown above represents the amount recharged through management charges to the Company based on the Group structure at the balance sheet date. These Directors are also directors of a number of the companies within the Rank Group. The Directors' services to the Company do not occupy a significant amount of their time. As such, these Directors' do not consider that they have received any remuneration for their incidental services to the Company for the year ended 30 June 2023. The average number of directors paid in the year was 2 (2022: 2). All key management are Directors of the Company.

The Company also participates in the overall Group scheme in respect of share options for eligible employees. No Director exercised any share options or made any gains on the exercise of share options in either year.

**21. Retirement benefits**

The Company participates in a Group defined contribution plan under which the Company pays fixed contributions to a separate entity. The assets of the scheme are held separately from those of the Company, in a separately administered fund. Company contributions in the year ended 30 June 2023 were £1,791k (2022: £1,719k). There are no outstanding contributions at the balance sheet date (2022: £nil).

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**22. Capital commitments**

	At 30 June 2023 £000	At 30 June 2022 £000
Contracts placed for future capital expenditure but not provided in the financial information	2,022	4,511

**23. Financial assets and liabilities**

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

	Other financial assets	
	At 30 June 2023 £000	At 30 June 2022 (Restated) £000
Other receivables	68,270	91,000
Cash at bank and in hand	9,643	5,163
Total	77,913	96,163

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

	Other financial liabilities	
	At 30 June 2023 £000	At 30 June 2022 (restated) £000
Lease liabilities	42,695	52,466
Trade and other payables	26,639	29,961
Total	69,334	82,427

**24. Contingent liabilities**

*Legal and regulatory landscape*

Given the nature of the legal and regulatory landscape of the industry, from time to time the Company receives notices and communications from regulatory authorities and other parties in respect of its activities and is subject to compliance assessments of its licensed activities.

The Company recognises that there is uncertainty over any fines or charges that may be levied by regulators as a result of past events and depending on the status of such reviews, it is not always possible to reliably estimate the likelihood, timing and value of potential cash outflows.

**25. Parent undertakings and related party transactions**

The Company's immediate parent undertaking is Rank Casino Holding Limited, a company incorporated in England and Wales.

Guoco Group Limited (Guoco), a company incorporated in Bermuda, and listed on the Hong Kong Stock Exchange has a controlling interest in The Rank Group Plc. The ultimate parent undertaking of Guoco is GuoLine Capital Assets Limited ('GuoLine'), which is a company incorporated in Jersey and is the parent undertaking of the largest group to consolidate these financial statements.

The Rank Group Plc ('Rank Group') is the parent undertaking of the smallest group to consolidate these financial statements. Copies of Rank Group's Annual Report can be obtained from [www.rank.com](http://www.rank.com) or by written request to the Company Secretary at The Rank Group Plc, TOR, Saint-Cloud Way, Maidenhead, Berkshire, SL6 8BN.

**GROSVENOR CASINOS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**26. Post balance sheet events**

In August 2023, Rank Group Finance Plc, being the entity within the Group providing financial support to the Company, secured a financing package which totalled £100m of revolving credit facilities. £25m is committed until November 2024 and the remaining £75m is committed until February 2025. The Group subsequently repaid the remaining term loan of £44.4m.