

Annual Report and Financial Statements

Gala Casinos Limited

For the year ended 27 September 2014

Registered number: 04054596

FRIDAY



A37 29/05/2015 #63
COMPANIES HOUSE

Gala Casinos Limited

DIRECTORS AND ADVISORS

DIRECTORS

C Leaver

R Templeman

P Bowtell

Gala Coral Nominees Limited

Gala Coral Properties Limited

COMPANY SECRETARY

Gala Coral Secretaries Limited

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London

WC2N 6RH

REGISTERED OFFICE

New Castle House

Castle Boulevard

Nottingham

NG7 1FT

DIRECTORS' REPORT

for the year ended 27 September 2014

The directors present their annual report and the audited financial statements of the Company for the year ended 27 September 2014. These financial statements are drawn up to the last Saturday in September each year. As a result of this the Company benefits from an additional 53rd week of trading in certain year (last 53 week year was 2012).

RESULTS AND DIVIDENDS

The loss for the financial year after taxation amounted to £6,190,000 (2013: £17,137,000). Dividends of £nil (2013: £179,000,000) have been paid during the year.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The Company continued to trade as a casino operator up until December 2013 when its remaining 4 UK trading casinos were sold, for a consideration of £9,200,000, after which the company ceased to trade.

The Company still holds various vacant lease provisions.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's risks are managed at a group level, rather than at an individual business unit level and the company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of Gala Casinos Limited's business. The principal and financial risks and uncertainties of the Group, which include those of the company, are discussed on pages 9 to 12 of Gala Coral Group Limited's annual report which does not form part of this report.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

The Group's operations are managed on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Gala Casinos Limited. The development, performance and position of the Group, which includes this company, is discussed on pages 2 to 8 of Gala Coral Group Limited's annual report which does not form part of this report.

POLITICAL AND CHARITABLE DONATIONS

During the year, the company made charitable donations of £nil (2013: £1,400). No political donations were made (2013: £nil).

GOING CONCERN

The directors have continued to review the Company's cash flow forecasts and trading budgets and after making appropriate enquiries, have formed the view that the Company is operationally and financially robust and will generate sufficient cash to meet its ongoing requirements for at least the next 12 months from the signing of this report. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Gala Casinos Limited

DIRECTORS' REPORT (CONTINUED) for the year ended 27 September 2014

DIRECTORS

The following served as directors during the year and up to the date of signing the financial statements:

C Leaver

R Templeman

P Bowtell

Gala Coral Nominees Limited

Gala Coral Properties Limited

DIRECTORS' INDEMNITIES AND INSURANCE

The Group maintains a qualifying (as defined by law) directors' and officers' liability insurance. The above named directors, (except for the corporate directors) have received an indemnity from the group to the extent permitted by law throughout the year and up to the date of signing this report. Neither the indemnity nor the insurance will provide cover in situations where a director has acted fraudulently or dishonestly.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

For all the directors at the time this report was approved, the following applies:

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

By order of the board



H A Willits

For and on behalf of
Gala Coral Secretaries Limited
Company Secretary
18 May 2015

Gala Casinos Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the 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 year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

By order of the Board



H A Willits

For and on behalf of
Gala Coral Secretaries Limited
Company Secretary
18 May 2015

INDEPENDENT AUDITORS' REPORT

to the members of Gala Casinos Limited

Report on the financial statements

Our Opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 27 September 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Gala Casinos Limited, comprise:

- the Balance Sheet as at 27 September 2014;
- the Profit and Loss Account for the year then ended and Statement of Total Recognised Gains and Losses for the year then ended;
- the Reconciliation of Movements in Shareholders' Funds for the year then ended
- the Note of Historical Cost Profits and Losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITORS' REPORT (CONTINUED)
to the members of Gala Casinos Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Ian Benham (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 May 2015

Gala Casinos Limited

PROFIT AND LOSS ACCOUNT for the year ended 27 September 2014

	Notes	2014 £000	2013 £000
TURNOVER	2	2,393	56,520
Cost of sales		(68)	(13,770)
GROSS PROFIT		2,325	42,750
Administrative expenses		(3,854)	(59,324)
Operating (loss)/profit before exceptional administrative items		(460)	2,763
Exceptional administrative items	3	(1,069)	(19,337)
OPERATING LOSS BEFORE OTHER OPERATING INCOME	3	(1,529)	(16,574)
Other operating income		-	81
OPERATING LOSS	3	(1,529)	(16,493)
Profit on disposal of tangible fixed assets		-	211
Loss on disposal of discontinued operations	4	(6,057)	-
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		(7,586)	(16,282)
Interest receivable and similar income	7	1,641	14,181
Interest payable and similar charges	8	-	(13,270)
Other finance costs	9	(330)	(523)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,275)	(15,894)
Tax on loss on ordinary activities	11	85	(1,243)
LOSS FOR THE FINANCIAL YEAR	19	(6,190)	(17,137)

All the operations of the company are discontinued.

Gala Casinos Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 27 September 2014

	2014 £000	2013 £000
Loss for the financial year	(6,190)	(17,137)
Surplus on revaluation of tangible fixed assets	-	126,615
TOTAL RECOGNISED (LOSSES)/GAINS FOR THE FINANCIAL YEAR	(6,190)	109,478

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS for the year ended 27 September 2014

	Notes	2014 £000	2013 £000
Total recognised (losses)/gains for the financial year		(6,190)	109,478
FRS 20 'Share Based Payment Charge'		-	338
Shares issued		-	53,000
Dividends paid to group companies	10	-	(179,000)
Opening shareholders' funds		9,217	25,401
CLOSING SHAREHOLDERS' FUNDS		3,027	9,217

NOTE OF HISTORICAL COST PROFITS AND LOSSES for the year ended 27 September 2014

	2014 £000	2013 £000
Reported loss on ordinary activities before taxation	(6,275)	(15,894)
Difference between historical cost depreciation charge and the actual depreciation charge for the year	-	(1,303)
Revaluation surplus realised on sale of tangible fixed assets	2,853	
Historical loss on ordinary activities before taxation	(3,422)	(17,197)
Historical cost loss for the year after taxation	(3,337)	(18,440)

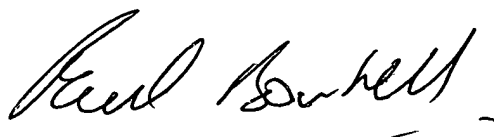
Gala Casinos Limited

BALANCE SHEET

As at 27 September 2014

	Notes	2014 £000	2013 £000
FIXED ASSETS			
Intangible assets	12	-	-
Tangible fixed assets	13	-	9,200
		<u>-</u>	<u>9,200</u>
CURRENT ASSETS			
Stocks	14	-	61
Debtors (including, amounts due after more than one year £13,227,000 (2013: £17,088,000))	15	13,266	18,390
Cash at bank and in hand		-	1,458
		<u>13,266</u>	<u>19,909</u>
CREDITORS: amounts falling due within one year	16	(1,621)	(4,394)
NET CURRENT ASSETS		<u>11,645</u>	<u>15,515</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,645</u>	<u>24,715</u>
PROVISIONS FOR LIABILITIES	17	(8,618)	(15,498)
NET ASSETS		<u>3,027</u>	<u>9,217</u>
CAPITAL AND RESERVES			
Called up share capital	18	-	-
Revaluation reserve	19	-	2,853
Profit and loss account	19	3,027	6,364
TOTAL SHAREHOLDERS' FUNDS		<u>3,027</u>	<u>9,217</u>

The financial statements on pages 7 to 23 were approved by the Board of Directors on 18 May 2015 and are signed on its behalf by:



P Bowtell
Director

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 27 September 2014

1. ACCOUNTING POLICIES

Basis of preparation

The Company is exempt from preparing group financial statements under Section 400 of the Companies Act 2006 since it is a wholly owned subsidiary of another UK company, and accordingly the financial statements present information about the company as an individual undertaking only.

The financial statements are prepared on a going concern basis under the historical cost convention, as modified by the revaluation of land and buildings, the accounting policies set out below, and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006, except in relation to goodwill and group relief, which are stated below. The accounting policies have been consistently applied to both of the years presented in these financial statements except for the change noted below.

Going concern

The directors have continued to review the Company's cash flow forecasts and trading budgets and after making appropriate enquiries, have formed the view that the Company is operationally and financially robust and will generate sufficient cash to meet its ongoing requirements for at least the next 12 months from the signing of this report. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Cash flow statement and related party disclosures

The company is included in the consolidated financial statements of Gala Coral Group Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) 'Cash Flow Statements'.

The company is also exempt under the terms of FRS 8 'Related Party Disclosures' from disclosing related party transactions with wholly owned entities that are part of the Gala Coral Group.

Cost of sales

Cost of sales primarily comprises the cost of gaming duties and machine rentals.

Exceptional items

Exceptional items are those items which, by their size or nature, are separately disclosed in order to give a full understanding of the Company's financial performance and to aid comparability of the Company's results between periods.

Licences

Intangible assets include the capitalisation of a ten year licence to use intellectual property. Intellectual property consists of trademarks, patents and domain names.

Licences are amortised, on a straight line basis, over the life of the contract, ten years.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 27 September 2014

1. ACCOUNTING POLICIES (continued)

Goodwill

On acquisition of a business, fair values are attributed to the net assets acquired. Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. Except as noted below, goodwill is capitalised and amortised over its estimated useful life of up to 20 years. Where a business is sold, the net book value of goodwill allocated to the business is charged through the profit and loss account as part of the profit or loss on disposal.

However, the directors have concluded that goodwill arising on the acquisition of its “bricks and mortar” gaming businesses should not be amortised as it has an indefinite useful economic life. The goodwill is considered to have indefinite durability that can be demonstrated and its value can be readily measured.

The acquired businesses operate in longstanding and profitable market sectors. The Group has a strong position in the market and there are barriers to entry due to the requirement to demonstrate that the applicant is a fit and proper person with the “know-how” required to run such operations. The regulation of the industry also restricts the games that can be offered and consequently reduces the risk of product obsolescence.

Annual impairment reviews of this goodwill are carried out and any resulting write down is charged to the profit and loss account.

The non-amortisation of this goodwill constitutes a departure from the Companies Act 2006 404(5), for the purpose of giving a true and fair view of the Group’s results for the reasons outlined above. If goodwill arising on these acquisitions had been amortised over a 20-year period, the operating profit would have increased by £319,000 for the year ended 28 September 2013.

Tangible fixed assets and depreciation

All fixed assets are initially recorded at cost. They are subsequently re-valued annually, with any revaluation surplus being taken to a revaluation reserve. Deficits to revaluation are taken to the profit and loss account to the extent that they exceed previous surpluses on the same asset, except where their recoverable value exceeds depreciated historical cost. For buildings that have been purchased as part of a business acquisition, the initial carrying value includes the trading potential of the properties, which reflects the benefit of the gaming licences attached to trading properties. Subsequent additions to tangible assets are stated at cost. Depreciation is provided on all tangible assets, with the exception of freehold land and trading potential, at rates calculated to write down the cost or valuation of each asset to its estimated residual value evenly over its expected useful life, as follows:

Freehold buildings	-	over 50 years
Leasehold land and buildings	-	shorter of 50 years or unexpired term of lease
Fixtures and fittings	-	over 3 to 10 years

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 27 September 2014

1. ACCOUNTING POLICIES (continued)

Impairment reviews

The need for any asset impairment provision is assessed by comparison of the carrying value of an income generating unit, which normally comprises casinos which operate as a team within a market place, against the higher of the net realisable value or value in use. In addition, sites or groups of sites are considered separately where there have been exceptional circumstances impacting on their profitability that may indicate a material impairment at that level.

The value in use is determined from the estimated discounted future cash flows of the income generating unit.

The future cash flows are based on the forecasts and budgets of the income generating unit or business. The key assumptions within the budget are the admissions levels, spend or drop per head, win percentage for the casino business, wage increases and the fixed costs of the casino.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date which will result in an obligation to pay more, or a right to pay less or to receive more, tax with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease or up to the date of the next rental review.

Lease incentives are spread over the period up to the first rent review where market rate rents are applied.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 27 September 2014

1. ACCOUNTING POLICIES (continued)

Property provisions

Provision has been made for vacant, partly sub-let leasehold properties and onerous leases. Provisions for onerous leases are recognised when the Company believes that the unavoidable costs of meeting the lease obligations exceed the economic benefits expected to be received under the lease.

Any creation or release of these provisions is included within operating exceptional items. For the vacant and sub-let properties, provision has been made for the shorter of the remaining period of the lease and the period until, in the directors' opinion, the Company will be able to exit the lease commitment. The amount provided is based on the future rental obligations, together with other outgoings, net of any sub-lease income.

Provision has been made on a discounted cash flow basis for onerous leases based on the element of the rental payments which are considered to be onerous. In determining the provision for the properties, the cash flows have been discounted using a risk-free discount rate. Provision has been made for the cost of carrying out remedial works in respect of the Company's freehold or leasehold properties when the Company is legally obliged to rectify the matter.

Pensions

The Company participates in the Gala Coral Pension Plan. The scheme has a defined benefit section and a defined contribution section. The assets of the scheme are managed separately from those of the Group. The defined benefit section of the scheme is closed to new entrants and to future accrual benefits.

The Company is unable to identify its share of the underlying assets and liabilities in the Group pension scheme and hence it is accounted for as a defined contribution scheme under FRS 17 (Amended) "Retirement Benefits". Contributions are charged to the profit and loss account as they are incurred.

The defined contribution pension scheme is for certain employees and directors. The amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits, represents the contributions payable in the year as per the payment certificates. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Share based payments

The Gala Coral Group operates an equity-settled share based payment plan under which the company receives services from employees as consideration for the ability to participate in the purchase of equity instruments from the group's parent company. The fair value of the services received in exchange for the equity instrument is recognised as an expense. The total amount expensed is determined by reference to the fair value of the instruments granted:

- including any market performance conditions
- excluding the impact of any service and non-performance vesting conditions

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied.

During the current year the Company charged an amount of £nil (2013: £338,000) from Gala Coral Group Limited in respect of the FRS 20 "Share Based Payment" charge for services rendered to the Company. This has been recorded within exceptional costs.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 27 September 2014

2. TURNOVER

Turnover is principally gaming win, which represents the difference between gaming wins and losses before deduction of gaming duty, but after deduction of VAT. Revenues from the sale of food and beverages are recorded net of VAT.

In respect of the Fortune loyalty scheme, as points are issued to customers, the retail value of those points expected to be redeemed is deferred. When the points are used by customers they are recorded as turnover.

Turnover is attributable to one activity – operating casinos. Turnover both by source and destination all relates to the United Kingdom.

3. OPERATING LOSS

Operating loss is stated after charging/(crediting):

		2014 £000	2013 £000
Depreciation of tangible fixed assets		-	1,429
Amortisation of intangible assets		-	750
Operating lease rentals	- land and buildings	178	6,392
	- plant and machinery	107	2,286
		<u> </u>	<u> </u>
<i>Exceptional administrative items</i>			
Other restructuring costs	(a)	427	400
Gaming machine VAT claim	(b)	251	3,113
FRS 20 'Share Based Payment Charge'	(c)	-	338
Release of deferred income		-	(551)
Impairment of intangible assets		-	17,477
Impairment of tangible fixed assets		-	802
Creation of onerous leases	17	431	1,325
Release of onerous leases	17	(40)	(3,567)
		<u> </u>	<u> </u>
		1,069	19,337
		<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 27 September 2014

3. OPERATING LOSS (continued)

Exceptional administrative items consist of:

- (a) Primarily relates to costs associated with redundancies as a result of the sale of the casinos and costs relating to closed clubs. The prior year also included the release of an intercompany loan with a fellow subsidiary company.
- (b) Following the UK Court of Appeal's ruling in favour of HMRC on fiscal neutrality of VAT on gaming machines, a charge of £3,113,000 was recognised by the Company in the year ended 28 September 2013 for the repayment of amounts previously received. (See note 23).
- (c) Represents the FRS 20 'Share Based Payments Charge'. This charge is an accounting charge only and does not represent a cash commitment on the UK Group or any of its subsidiaries, either now or in the future. The ultimate cash obligation lies with the Group's parent company, GCG Manager S.A Luxco S.C.A and only in an exit event.

No charge or credit (2013: credit of £299,000) attributable to exceptional items has been included within the current tax charge since the Company makes and receives no payment for group relief (2013: 23.51%).

One fee for auditors' remuneration has been charged for the Gala Coral Group audit, it is not practicable to split this by individual company. The auditors' remuneration has been paid by a fellow subsidiary company.

4. LOSS ON DISPOSAL OF DISCONTINUED OPERATIONS

During December 2013 the Company sold its remaining 4 UK trading casinos for a consideration of £9,200,000, realising a loss of £6,057,000.

5. DIRECTORS' REMUNERATION

The directors who have served during the year are also directors of other undertakings within the group and do not receive any remuneration in respect of their services to the Company (2013: £nil). Their remuneration is included in the financial statements of Gala Coral Group Limited.

6. STAFF COSTS

	2014 £000	2013 £000
Wages and salaries	952	21,108
Redundancy costs	319	1,491
Social security costs	74	1,713
Other pension costs	23	459
FRS 20 'Share Based Payment Charge'	-	338
	<u>1,368</u>	<u>25,109</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 27 September 2014

6. STAFF COSTS (continued)

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

	2014 Number	2013 Number
Casino employees	56	1,272
	<u> </u>	<u> </u>

7. INTEREST RECEIVABLE

Interest receivable and similar income

	2014 £000	2013 £000
Interest receivable from group companies	1,641	14,178
Bank interest receivable	-	3
	<u> </u>	<u> </u>
	<u>1,641</u>	<u>14,181</u>

8. INTEREST PAYABLE

Interest payable and similar charges

	2014 £000	2013 £000
Interest payable to group companies	-	13,270
	<u> </u>	<u> </u>

9. OTHER FINANCE COSTS

	2014 £000	2013 £000
Unwinding of discount in provisions (see note 17)	330	523
	<u> </u>	<u> </u>

Gala Casinos Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 27 September 2014

10. DIVIDENDS

During the year ended 28 September 2013 the Company paid a dividend of £179,000,000 by distribution of assets as follows:

	2014 £000	2013 £000
Tangible fixed assets (see note 13)	-	177,367
Deferred tax asset	-	1,422
Other assets	-	211
	<u>-</u>	<u>179,000</u>

11. TAX ON LOSS ON ORDINARY ACTIVITIES

a) The taxation (credit)/charge is made up as follows:

	2014 £000	2013 £000
Current tax:		
Current year group relief	-	376
Adjustment in respect of prior years' group relief	(85)	11
Total current tax	<u>(85)</u>	<u>387</u>
Deferred tax:		
Origination and reversal of timing differences – current year	-	625
Impact of change in tax rate	-	93
Adjustment in respect of prior years'	-	138
Total deferred tax	<u>-</u>	<u>856</u>
Tax (credit)/charge on loss on ordinary activities	<u>(85)</u>	<u>1,243</u>

The company makes and receives no payment for group relief for the year (2013: 23.51%).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 27 September 2014

11. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

b) Factors affecting the current tax charge:

The tax on the loss on ordinary activities for the year differs from the average standard rate of corporation tax in the UK. The differences are reconciled below:

	2014 £000	2013 £000
Loss on ordinary activities before taxation	(6,275)	(15,894)
Loss on ordinary activities multiplied by average standard rate of Corporation tax in the UK for the year of 22.02% (2013: 23.51%)	(1,382)	(3,737)
Adjustment in respect of prior year group relief	(85)	11
Expenses not deductible for tax purposes	2,289	4,504
Capital allowances in excess of depreciation	(420)	(391)
Group relief claimed for nil payment	(485)	-
Short term timing differences	(2)	-
Current tax (credit)/charge for the year	(85)	387

The rate of Corporation tax in the UK was reduced from 23% to 21% effective from 1 April 2014 and will reduce further to 20% with effect from 1 April 2015. Both rate changes were enacted by Finance Act 2013.

Deferred tax has therefore been disclosed at 20% as it is expected that the asset will start to reverse after 1 April 2015.

Gala Casinos Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 27 September 2014

12. INTANGIBLE ASSETS

	Licenses £000	Goodwill £000	Total £000
Cost:			
At 28 September 2013	12,818	17,479	30,297
Disposals	(12,818)	(17,479)	(30,297)
	<u> </u>	<u> </u>	<u> </u>
At 27 September 2014	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Amortisation:			
At 28 September 2013	12,818	17,479	30,297
Disposals	(12,818)	(17,479)	(30,297)
	<u> </u>	<u> </u>	<u> </u>
At 27 September 2014	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Net book value:			
At 27 September 2014	-	-	-
	<u> </u>	<u> </u>	<u> </u>
At 28 September 2013	-	-	-
	<u> </u>	<u> </u>	<u> </u>

On 1 December 2005 Gala Group Investments Limited granted Gala Casinos Limited a 10 year licence to ensure that Gala Casinos Limited had the legal right to use its intellectual property. On 9 December 2005 Gala Casinos Limited entered into a 10 year sub-licence agreement with Patmor Limited so that Patmor Limited has the use of its intellectual property. A charge was made for the use of these assets.

13. TANGIBLE FIXED ASSETS

	Short Leasehold land & buildings £000	Fixtures & fittings £000	Total £000
Valuation and net book value			
At 28 September 2013	6,580	2,620	9,200
Disposals	(6,580)	(2,620)	(9,200)
	<u> </u>	<u> </u>	<u> </u>
At 27 September 2014	-	-	-
	<u> </u>	<u> </u>	<u> </u>

The Company's tangible fixed assets were re-valued on an open market for existing use on 16 February 2013 by the Company's directors. In determining this valuation they took account of the agreed price for the sale of 19 UK casinos to The Rank Group Plc. The implied valuation yield for these properties were taken into account in valuing the remaining 4 casinos. In December 2013 the Company sold its remaining 4 UK casinos.

Gala Casinos Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 27 September 2014

14. STOCKS

	2014 £000	2013 £000
Consumable stocks	-	61
	<u> </u>	<u> </u>

15. DEBTORS

	2014 £000	2013 £000
Amounts owed by group companies	13,227	17,088
Other debtors	21	376
Prepayments and accrued income	18	926
	<u> </u>	<u> </u>
	13,266	18,390
	<u> </u>	<u> </u>

Amounts owed by group companies are unsecured, repayable on demand, however the directors have confirmed that they do not intend to request payment within the next year. Amounts owed by group companies bear interest at a rate linked to the Group's borrowing costs. Amounts owed by non-trading group companies do not bear interest.

16. CREDITORS: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	430	1,756
Other taxation and social security costs	1,084	1,809
Other creditors	-	158
Accruals and deferred income	107	671
	<u> </u>	<u> </u>
	1,621	4,394
	<u> </u>	<u> </u>

Included within other creditors is £nil (2013: £5,000) relating to outstanding contributions payable to pension schemes.

Gala Casinos Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 27 September 2014

17. PROVISIONS FOR LIABILITIES

	Vacant leases £000	VAT claim £000	Total £000
At 28 September 2013	12,385	3,113	15,498
Created	431	251	682
Released	(40)	-	(40)
Utilised	(5,033)	(2,819)	(7,852)
Unwinding of discount	330	-	330
At 27 September 2014	8,073	545	8,618

Provision has been made for vacant and partly sub-let leasehold properties at the shorter of the remaining period of the lease, which at 27 September 2014 is an average of 13 years (2013: 16 years), and the period until in the directors' opinion the company will be able to exit the lease commitment. The amount provided is based on the future rental obligations, together with other fixed outgoings, net of any sub-lease income. In determining the provision for the properties, the cash flows have been discounted using a risk free rate of return.

The vacant lease provision is expected to be utilised within 13 years (2013: 16 years).

Following the UK Court of Appeal's recent ruling in favour of HMRC, on fiscal neutrality of VAT on gaming machines, a charge of £3,113,000 was recognised by the Company in the year ended 28 September 2013. During 2014 the Company repaid £2,819,000 of this claim back to HMRC.

18. CALLED UP SHARE CAPITAL

Allotted and fully paid:

	Ordinary shares of 0.000001p	
	Number	£000
At 27 September 2014 and at 28 September 2013	170,300,000	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 27 September 2014

19. RESERVES

	Revaluation reserve £000	Profit and loss account £000	Total reserves £000
At 28 September 2013	2,853	6,364	9,217
Loss for the financial year	-	(6,190)	(6,190)
Transfer between reserves	(2,853)	2,853	-
At 27 September 2014	-	3,027	3,027

20. PENSION COMMITMENTS

During 2013, the Group closed its defined contribution pension scheme, which the Company participated in, and transferred all its participants into personal pension plans. The pension cost charge for the year represents contributions paid by the Company in respect of its employees into the current personal pension plans and the old Group defined contribution scheme.

The Company also participates in a group operated defined benefit pension scheme, which was closed to new entrants from October 2002. The defined benefit pension scheme is funded by the payment of contributions to separately administered trust funds. The contributions to the scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations. On 28 September 2013 the scheme was closed to future accrual and all participants were transferred to personal pension plans.

It is not practical to allocate the valuation between the various participating group companies, and hence it is accounted for as a defined contribution scheme under Financial Reporting Standard 17 (Amended) "Retirement Benefits". Details of the valuation of the Group's pension scheme, carried out in accordance with FRS 17 are included in the consolidated financial statements of Gala Coral Group Limited

The pension charge for the year represents total contributions paid by the Company to the above schemes in respect of company employees and amounted to £23,000 (2013: £331,000).

21. OBLIGATIONS UNDER LEASES

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2014 £000	2013 £000	2014 £000	2013 £000
Operating leases which expire:				
Within one year	-	155	-	5
Between two and five years	-	-	-	640
Over five years	-	1,221	-	-
	-	1,376	-	645

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 27 September 2014

22. CONTINGENT ASSETS

Following the ruling on 30 October 2013 by the Court of Appeal in relation to Gaming Machine VAT contravening the principles of fiscal neutrality, the Company repaid £2,819,000 to HMRC. The directors remain confident that upon appeal the UK courts will find in favour of the gaming operators and as such disclose a contingent asset of £3,113,000 million in relation to this claim.

23. GUARANTEES

The borrowings of the Gala Coral Group are secured on the assets of the Company and are guaranteed by fellow members of the Group. The extent of the group borrowings can be found in the Gala Coral Group Limited's annual report.

24. ULTIMATE CONTROLLING PARTY

At 27 September 2014 the company was a subsidiary of Gala Group Investments Limited, a company incorporated in the United Kingdom.

The only group in which the results of Gala Casinos Limited are consolidated is that headed by Gala Coral Group Limited, a company incorporated in England and Wales. Consolidated financial statements are available to the public and may be obtained from Gala Coral Group Limited, New Castle House, Castle Boulevard, Nottingham, NG7 1FT.

As at 27 September 2014 the ultimate parent company and controlling party of the Group was GCG Manager S.A Luxco S.C.A a "société en commandité par actions" established under the laws of Luxembourg.