

**Crown UK Investments
Limited**
(Registered Number: 7623405)

**Annual Report and Financial
Statements**

Year ended 30 June 2016



Strategic Report for the year ended 30 June 2016

The directors have pleasure in submitting the Strategic Report, their Directors' Report and the audited financial statements of the company for the year ended 30 June 2016.

Principal activity and review of the business

The principal activity of the company is that of an investment holding company for the Crown Aspinall's casino in London.

The result after taxation was a profit of £3,273,228 (2015: loss of £2,765,126), principally reflecting interest payable on long-term financing loans and dividend income from the above mentioned holding company.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of Aspinalls club limited which is a 100% fully owned investment company. The management of the company's activities is subject to a number of risks and uncertainties, the principal risks being competition, credit, volatility and regulatory risk.

- (a) Competition risk – the company operates in an internationally competitive market. The UK industry, until recently, has been unable to compete with many other gaming jurisdictions. The company has been able to mitigate this risk by taking advantage of opportunities afforded by the 2005 Gambling Act, by the introduction of rebates and commissions for certain international customers.
- (b) Credit risk arises from the acceptance of cheques from members. The company manages this risk by only accepting cheques from those members who have an approved cheque cashing facility (CCF). The Club compiles and assesses a broad range of information when establishing what may be an appropriate CCF for a particular customer. The primary objective of these checks is to establish both a customer's known Source of Wealth (SoW) and Source of Funds (SoF), which will mitigate the risks associated with the patron's ability to meet the liability of the CCF. Depending on each individual customer's circumstances, the information compiled to establish SoW and SoF may include (but is not limited to):
 - i) Information from the player (such as identification, proof of address, company registrations, tax returns, bank information etc.).
 - ii) Customer Due Diligence information and gaming history from both the Club and/or other group company records.
 - iii) Trade references from other casinos.
 - iv) Bank references; and
 - v) Other 3rd party sources, both open source or privately commissioned (for example, Wealth-X and World Check).
- (c) Volatility risk – all high end casinos experience periods of volatility in their hold percentage, due to runs of good or bad luck. The company mitigates this risk by building business volumes and thereby increasing the likelihood of a normalised hold percentage.

Strategic Report for the year ended 30 June 2016 (Continued)

- (d) Taxation and Regulatory risk – the company (and the industry) is subject to changes in government regulation and Taxation. For example, the company is subject to regulations associated with its licensed gaming operations. Furthermore, this risk is mitigated by engaging in active dialogue with both the industry regulator and sponsoring government department. This enables, the company to become aware of proposed legislative changes at an early stage and can seek to minimise any adverse effect on the company by acting on a concerted industry-wide basis.

FRS 102

During the year the company transitioned from previously extant UK GAAP to FRS 102. The company's immediate parent undertaking, Publishing and Broadcasting International Holdings Limited, was notified of and did not object to the adoption of FRS 102. Details of the recognition or measurement differences arising on the adoption of FRS 102 are set out in Note 11 'Transition to FRS 102'.

Going concern

As at 30 June 2016 and the date of approval of the financial statements, the company had net assets. The financial statements have been prepared on a going concern basis as the company's ultimate parent undertaking, Crown Resorts Limited, has indicated its intention to provide sufficient financial support to the company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. Management of Crown Resorts Limited has signed a letter to confirm the financial support.

Having carefully considered the company's and Crown Resorts Limited's current financial resources and cash flow forecasts, the directors are confident that they demonstrate that the company can meet its liabilities as they fall due. On this basis, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

By Order of the Board



H R Aldridge

Director

5th December 2016

Director's Report for the year ended 30 June 2016

Directors and company information

Directors:	M P B Kennedy R B Craigie H R Aldridge T J Gallagher
Secretary:	Whitman Breed Law
Registered office:	WB Company Services LTD 4 th Floor, 1 Devonshire Street, London, W1W 5DR
Company number:	7623405

Dividends

No interim dividend has been paid and no final dividend is proposed (2015: none).

Future developments

The directors do not anticipate any changes in the company's activity in the forthcoming year.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'.

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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Director's Report for the year ended 30 June 2016 (continued)

Provision of information to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware and each director has taken all the steps that he ought to have taken as a director, in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Ernst & Young LLP has indicated its willingness to continue in office as auditor and a resolution concerning its appointment will be proposed at the Annual General Meeting.

By Order of the Board



H R Aldridge

Director

5th December 2016

Independent auditor's report to the members of Crown UK Investments Limited

We have audited the financial statements of Crown UK Investments Limited for the year ended 30 June 2016, which comprise the Statement of comprehensive Income Statement, the Statement of changes in equity, the Statement of financial position and the related Notes 1 to 11. 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) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities set out 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 Strategic Report and Directors' 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its Profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Independent auditor's report to the members of Crown UK Investments Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Ernst & Young L.L.P.

Cameron Cartmell (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory auditor
London

6/12/16

**Statement of comprehensive income
for the year ended 30 June 2016**

	Note	2016	2015
		£'000	£'000
Dividend Income		6,241	-
Operating charges		(1)	(1)
Operating Income/(Loss)		6,240	(1)
Interest receivable from group undertaking		115	49
Interest payable to group undertaking		(3,082)	(2,813)
Profit/(Loss) on ordinary activities before taxation		3,273	(2,765)
Tax on loss on ordinary activities	5	-	-
Profit/(Loss) on ordinary activities after taxation and for the financial year		3,273	(2,765)
Other comprehensive income		-	-
Retained Profit/(Loss) for the financial year		3,273	(2,765)

All results relate to continuing operations.

**Statement of changes in equity
for the year ended 30 June 2016**

	Share Capital £'000	Share Premium £'000	Profit and loss account £'000	Total £'000
At 1 July 2014	7,000	-	(8,187)	(1,187)
Share issue	2,311	16,689	-	19,000
Total comprehensive Loss for the year	-	-	(2,765)	(2,765)
At 1 July 2015	9,311	16,689	(10,952)	15,048
Total comprehensive Income for the year	-	-	3,273	3,273
At 30 June 2016	9,311	16,689	(7,679)	18,321

Statement of financial position

at 30 June 2016

	<i>Note</i>	2016 £'000	2015 £'000
Fixed assets			
Investments	6	57,336	57,336
Current assets			
Debtors	7	6,241	1,644
Cash at bank and in hand		-	-
		6,241	1,644
Creditors: amounts falling due within one year	8	(1)	(1)
Net current assets		6,240	1,643
Total assets less current liabilities		63,576	58,979
Creditors: amounts falling due after more than one year	8	(45,255)	(43,931)
Net assets		18,321	15,048
Capital and reserves			
Called up share capital	9	9,311	9,311
Share Premium		16,689	16,689
Profit and loss account		(7,679)	(10,952)
Equity shareholders' funds		18,321	15,048

The financial statements on pages 8 to 16 were approved by the Board on 5th December 2016 and signed on its behalf by:



H Aldridge

Director

Notes to the Financial Statements for the year ended 30 June 2016

1 Authorisation of financial statements and statement of compliance with FRS 102

The financial statements of Crown UK Investments Limited (the "Company") for the year ended 30 June 2016 were authorised for issue by the board of directors on 5th December 2016 and the statement of financial position was signed on the board's behalf by H Aldridge. Crown UK Investments Limited is a private company limited by shares, incorporated and domiciled in England and Wales.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the year ended 30 June 2016.

The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 July 2014. An explanation of how transition to FRS 102 has affected the Company is included in Note 11.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is wholly owned, indirectly, by Crown Resorts Limited.

The results of Crown UK Investments Limited are included in the consolidated financial statements of Crown Resorts Limited which are available from Level 3, Crown Towers, 8 Whiteman Street, Southbank VIC 3006, Australia.

The principal accounting policies adopted by the Company are set out in Note 2.

2 Accounting policies

The following are the principal accounting policies adopted by the company and its subsidiary undertakings.

a) Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 June 2016.

The following disclosure exemptions available under FRS 102 have been applied to these financial statements:

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d) to present a statement of cash flows and related Notes. The company's parent company, Crown Resorts Limited, has included the required consolidated cash flow statement within its consolidated financial statements.
- The requirement of Section 33 Related Party Disclosures paragraph 33.5 in respect of transactions with wholly owned subsidiaries
- The requirement of Section 33 Key Management Personnel paragraph 33.7 in respect of transactions with wholly owned subsidiaries

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report. The financial position of the company and borrowing facilities are described in these financial statements.

Notes to the Financial Statements for the year ended 30 June 2016 (Continued)

As at 30 June 2016 and the date of approval of the financial statements, the company had net assets. The financial statements have been prepared on a going concern basis as the company's ultimate parent undertaking, Crown Resorts Limited, has indicated its intention to provide sufficient financial support to the company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. Management of Crown Resorts Limited has signed a letter to confirm the financial support.

In addition to the access to the written support from Crown Resorts Limited, the Company's has the ability to borrow under a syndicated bank facility up to £100m. This facility was undrawn at year end.

Having carefully considered the company's and Crown Resort Limited's current financial resources and cash flow forecasts, the directors are confident that they demonstrate that the company can meet its liabilities as they fall due. On this basis the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

b) Judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the statement of comprehensive income.

The Company assesses its investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the Statement of comprehensive income.

c) Investments

Investments in subsidiaries are held at historical cost less any applicable provision for impairment.

The Company assesses its investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the Statement of comprehensive income.

d) Interest bearing Loan

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the statement of comprehensive income.

Notes to the Financial Statements for the year ended 30 June 2016 (Continued)

e) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the statement of comprehensive income, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

f) Debtors

Debtors, which relate to amounts owed by group undertakings, are recognised and carried at the lower of their original value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through the statement of comprehensive income when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

g) Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

3 Operating loss

The audit fee of the company of £6,000 (2015: £3,626) has been borne by another group company. There were no non audit fees.

4 Directors' emoluments

	2016 £'000	2015 £'000
Aggregate directors' emoluments	397	352

The emoluments (excluding pension contributions) of the highest paid director were £345,078 (2015: £297,326). Pension contributions in respect of a money purchase benefit scheme with regard to the highest paid director were

Notes to the Financial Statements for the year ended 30 June 2016 (Continued)

£26,254 (2015: £25,489).

The aggregate value of pension contributions in respect of money purchase benefit schemes accruing to one director was £26,254 (2015: £25,489).

Other than the directors, the company had no employees. All directors were paid by other group companies, but the directors' emoluments disclosed include all amounts paid by the group to directors in respect of their qualifying services to the company and its subsidiary.

5 Tax on profit / (loss) on ordinary activities

(a) Tax charged in the statement of comprehensive income

	2016 £'000	2015 £'000
Current taxation:		
UK corporation tax at 20.00% (2015: 20.75%)		
- current year	-	-
Deferred taxation	-	-
Total tax charge/(credit)	-	-

(b) Reconciliation of the total tax charge

The tax credit in the income statement for the year is different from the standard rate of corporation tax in the UK of 20% (2015: 20.75%). The differences are reconciled below:

	2016 £'000	2015 £'000
Profit/(Loss) on ordinary activities before taxation	3,273	(2,765)
Tax calculated at UK standard rate of corporation tax of 20% (2015: 20.75%)	655	(574)
Non-taxable dividend	(1,248)	-
Group relief not paid for	-	480
Tax loss carried forward	593	94
Total tax expense reported in the statement of comprehensive income	-	-

c) Change in Corporation Tax rate

The standard rate of UK corporation tax was reduced from 21% to 20% from 1 April 2015. The Finance Act 2015 included legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. These changes were substantively enacted on 26 October 2015.

The Company has therefore, recognised its deferred tax balances at 18%. In its 2016 Budget announced on 16 March 2016, the UK Government announced its intention to further lower the main rate of corporation tax to 17% from 1 April 2020. The impact of this is not incorporated in the above numbers as this proposed measure was not substantively enacted at 30 June 2016.

Notes to the Financial Statements for the year ended 30 June 2016 (Continued)

6 Fixed asset investments

	2016	2015
	£'000	£'000
Investment in subsidiaries at cost	57,336	57,336

The investment in subsidiaries represents the company's 100% investment in Aspinall's Club Limited, a licensed gaming establishment incorporated in the United Kingdom.

7 Debtors

	2016	2015
	£'000	£'000
Amounts owed by group undertakings	6,241	1,644

Debtors of £6,241,017 includes the final dividend payable by Aspinall's Club Limited, this amount was fully paid after the year end.

8 Creditors

	2016	2015
	£'000	£'000
Creditors: amounts falling due within one year		
Amounts due to group undertakings	1	1
Creditors: amounts falling due after more than one year		
Amounts due to group undertakings	45,255	43,931

The amounts due to group undertakings falling due after more than one year are repayable to those group companies in December 2020, and accrue interest at LIBOR plus a 6.49% margin.

9 Share capital

	2016	2015
	£'000	£'000
Allotted, called up and fully paid equity share capital:		
9,311,221 £1 ordinary shares	9,311	9,311

Notes to the Financial Statements for the year ended 30 June 2016 (Continued)

10 Immediate and ultimate parent undertaking

The immediate parent undertaking of the company is Publishing And Broadcasting International Holdings Limited, a company registered in Bahamas, and the ultimate parent undertaking is Crown Resorts Limited, a company registered in Australia.

The largest and smallest group preparing consolidated financial statements which include the company is Crown Resorts Limited for the year ended 30 June 2016. Copies of the financial statements of Crown Resorts Limited can be obtained from the registered office of that company at Level 3, Crown Towers, 8 Whiteman Street, Southbank VIC 3006, Australia.

11 Transition to FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 July 2014. There has been no impact from the transition to FRS 102.