

Crown UK Investments Limited
(Registered Number: 07623405)

Annual Report and Financial Statements

Year ended 30 June 2018



Strategic Report for the year ended 30 June 2018

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 2018.

Principal activity and review of the business

The principal activity of the company is that of an investment holding company for Aspinall's Club Limited, a licensed gaming establishment incorporated in the United Kingdom.

The result after taxation was a loss of £1.4m (2017: loss of £2.5m), principally reflecting interest payable on long-term financing loans.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of Aspinall's Club Limited which is a 100% fully owned investment.

The management of the company's activities is subject to a number of risks and uncertainties, the principal risks being credit, volatility, liquidity and taxation and regulatory risk.

- (a) Credit risk is the risk of financial loss arising from a customer or counterparty failing to meet its contractual obligations. The company mitigates this risk by reference to a broad range of information to establish the Source of Wealth (SoW) and Source of Funds (SoF) when assessing the creditworthiness of new customers. This information is monitored and updated to ensure each customer continues to be able to meet all current and future contractual obligations.
- (b) Volatility risk is the risk of fluctuations in the hold percentage, due to runs of good or bad luck, experienced by all high end casinos. The company mitigates this risk by building business volumes and thereby increasing the likelihood of a normalised hold percentage.
- (c) Liquidity risk is the risk to cash flows of maturing assets and liabilities not being matched. The company mitigates this risk by maintaining strong controls, ensuring access to adequate finance facilities and proactive financial planning to ensure the company can meet its liabilities as they fall due.
- (d) Taxation and Regulatory risk is the risk of financial loss due to non-compliance and changes in government regulation and taxation of licensed gaming operations. The company mitigates this risk by engaging in active dialogue with both the industry regulator and sponsoring government department and participation in an industry body, seeking to maximise awareness and minimise any adverse effects of such industry changes.

Strategic Report for the year ended 30 June 2018 (Continued)

Going concern

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 enable the company 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.

On the basis of the company's financial position, cash flow forecasts and the letter of financial support from Crown Resorts Limited, the directors continue to believe that the going concern basis of accounting is appropriate in preparing the annual financial statements.

Further details of the directors' going concern assessment are set out in note 2 to the financial statements.

By Order of the Board



A E B Dean

Managing Director

10 October 2018

Directors' Report for the year ended 30 June 2018

Directors and company information

Directors: A E B Dean
K M Barton
M P B Kennedy
T J Gallagher

Secretary: WB Company Services Ltd

Registered office: 4th Floor, 1 Devonshire Street,
London,
W1W 5DR

Company number: 07623405

Dividends

No dividends were paid or declared during the year (2017: £nil).

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.

Directors' Report for the year ended 30 June 2018 (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 they ought to have taken as a director, in order to make themselves 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



A E B Dean

Managing Director

10 October 2018

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 2018, which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position and the related notes 1 to 9, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 2018 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 below. 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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.

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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

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.

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

Jon Killingley (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory auditor
London
11 October 2018

**Statement of comprehensive income
for the year ended 30 June 2018**

	<i>Note</i>	2018 £'000	2017 £'000
Operating result		-	-
Interest payable to group undertaking		(1,448)	(2,545)
(Loss) on ordinary activities before taxation		(1,448)	(2,545)
Tax on (loss) on ordinary activities	5	-	-
(Loss) on ordinary activities after taxation for the financial year		(1,448)	(2,545)
Other comprehensive income		-	-
Total comprehensive (loss) for the financial year		(1,448)	(2,545)

All results relate to continuing operations.

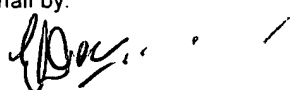
**Statement of changes in equity
for the year ended 30 June 2018**

	Share capital	Share premium	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 July 2016	9,311	16,689	(7,679)	18,321
Share issue	3,597	11,403	-	15,000
Profit and total comprehensive income for the year	-	-	(2,545)	(2,545)
At 1 July 2017	12,908	28,092	(10,224)	30,776
Profit and total comprehensive income for the year	-	-	(1,448)	(1,448)
At 30 June 2018	12,908	28,092	(11,672)	29,328

**Statement of financial position
at 30 June 2018**

	Note	2018 £'000	2017 £'000
Fixed assets			
Investments	6	72,336	72,336
Creditors: Amounts falling due within one year	7	(18,210)	(17,494)
Net current (liabilities)		(18,210)	(17,494)
Total assets less current liabilities		54,126	54,842
Creditors: Amounts falling due after more than one year	7	(24,798)	(24,066)
Net assets		29,328	30,776
Capital and reserves			
Called up share capital	8	12,908	12,908
Share premium account	8	28,092	28,092
Profit and loss account		(11,672)	(10,224)
Shareholders' funds		29,328	30,776

The financial statements on pages 9 to 17 were approved by the Board on 10 October 2018 and signed on its behalf by:



A E B Dean

Managing Director

Notes to the Financial Statements for the year ended 30 June 2018

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 2018 were authorised for issue by the board of directors on 10 October 2018 and the statement of financial position was signed on the board's behalf by A E B Dean. 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.

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 s401 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

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 2018.

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

- The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv) in respect of a reconciliation of the number of shares outstanding
- 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

Notes to the Financial Statements for the year ended 30 June 2018 (Continued)

Going concern

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 enable the company 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.

On the basis of the company's financial position, cash flow forecasts and the letter of financial support from Crown Resorts Limited, the directors continue to believe that the going concern basis of accounting is appropriate in preparing the annual financial statements.

In addition to this, the company also has the ability to borrow under a syndicated bank facility up to £50m. This facility was partially drawn down at year end by another group company.

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 have had the most significant effect on amounts recognised in the financial statements:

The Company makes a judgement as to the carrying value of investments held. Where there are indicators of impairment, the company performs impairment tests by considering key factors such as performance, the underlying assets of the entity in which the investment is held, discount rates and long term growth rates.

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 2018 (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 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 (2017: £6,000) has been borne by another group company. There were no non audit fees.

4 Directors' emoluments

	2018 £'000	2017 £'000
Aggregate directors' emoluments	340	631

Notes to the Financial Statements for the year ended 30 June 2018 (Continued)

The emoluments (excluding pension contributions) of the highest paid director were £330k (2017: £299k). Pension contributions in respect of a money purchase benefit scheme with regard to the highest paid director were £nil (2017: £1k).

The aggregate value of pension contributions in respect of money purchase benefit schemes accruing to one director was £nil (2017: £9k).

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 charge / (credit) in the statement of comprehensive income

	2018 £'000	2017 £'000
Current income tax:		
UK corporation tax at 19% (2017: 19.75%)		
- current year	-	-
Deferred tax	-	-
Tax charge / (credit) in the statement of comprehensive income	-	-

(b) Factors affecting the total tax charge

The tax charge / (credit) in the statement of comprehensive income for the year is different from the standard rate of corporation tax in the UK of 19% (2017: 19.75%). The differences are reconciled below:

	2018 £'000	2017 £'000
(Loss) on ordinary activities before taxation	(1,448)	(2,545)
Tax calculated at UK standard rate of corporation tax of 19% (2017: 19.75%)	(275)	(503)
Non-deductible expenses	62	222
Losses surrendered via group relief for nil payment	213	281
Tax charge / (credit) in the statement of comprehensive income	-	-

c) Factors that may affect future tax charges

Deferred tax assets have not been recognised totalling £785k (2017: £785k) in relation to tax losses carried forward of approximately £4,617k (2017: £4,617k) as the Directors believe it more likely than not that it will not be recovered via offset against taxable profits in the near future.

The Finance Act 2016, which was substantively enacted in 15 September 2016, reduced the main rate of tax from 19% to 17% from 1 April 2020.

Notes to the Financial Statements for the year ended 30 June 2018 (Continued)

6 Fixed asset investments

	2018 £'000	2017 £'000
Investment in subsidiaries at cost	72,336	72,336
	72,336	72,336

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 Creditors

	2018 £'000	2017 £'000
Creditors: Amounts falling due within one year		
Amounts due to group undertakings	18,210	17,494
Creditors: Amounts falling due after more than one year		
Amounts due to group undertakings	24,798	24,066
	43,008	41,560

Of the amounts payable to group undertakings falling due within one year, a balance of £18,210k is repayable to a group company in September 2018, and accrued interest at 3.00% per annum. Post year end an agreement has been put in place to extend the repayment date to February 2024.

The amounts due to group undertakings falling due after more than one year are repayable to those group companies in February 2024, and accrues interest at LIBOR plus a 3.00% margin.

Notes to the Financial Statements for the year ended 30 June 2018 (Continued)

8 Capital and reserves

	2018 £'000	2017 £'000
Authorised Shares		
12,908,343 Ordinary shares of £0.10 each	12,908	12,908
Ordinary shares issued and fully paid at 1 July	12,908	12,908
Ordinary shares issued during the year	-	-
Ordinary shares issued and fully paid at 30 June	12,908	12,908
Share Premium		
At 1 July	28,092	28,092
Share premium issued and fully paid	-	-
At 30 June	28,092	28,092

9 Immediate and ultimate parent undertaking

The immediate parent undertaking of the company is Crown Resorts International Holding Limited (formerly called 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 2018. 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.