

RANK OVERSEAS HOLDINGS LIMITED
Registered No. 412917

DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS

30 June 2017

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COMPANIES HOUSE

Corporate information

Directors

Mr H. B. Birch

Mr C. A. R. Jennings

Secretary

Ms F. Bingham

Auditors

Ernst & Young LLP

1 More London Place

London

SE1 2AF

Registered Office

TOR, Saint-Cloud Way

Maidenhead

Berkshire

SL6 8BN

United Kingdom

RANK OVERSEAS HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 30 June 2017. The comparative period covers the year ended 30 June 2016.

Business review and principal activities

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

The principal activity of the Company throughout the period was that of an investment holding company. The directors do not anticipate any change in the activity of the Company in the foreseeable future.

During the year The Rank Group Plc ('Rank' or 'Rank Group') undertook a strategic review of the organisation to improve customer service and simplify operations, known as the 'Group restructuring and simplification project'. This has resulted in changes to management and team structure which is expected to benefit the organisation in the future. This review has led to the transfer of Rank America Inc and Rank Overseas Finance Limited to Rank (U.K.) Holdings Limited at their book value.

The Group restructuring and simplification project has also impacted the Company through a reduction in the intercompany debtors owed by a fellow subsidiary undertaking caused by the approval and payment of a special dividend of £210.4m (2016: Nil), which was approved and paid by the directors. This special dividend was only distributable after two tranches of bonus share issues followed by equal and opposite capital reductions, which capitalised the unrealised profits, allowing them to be distributable by UK Company law.

The results for the Company show a pre-tax profit of £12.2m (2016: £13.1m) for the year. Included within the profit for the year is £19.0m of dividend income (2016: £11.4m) and an impairment of investments in Rank Overseas Finance Limited of £8.1m (2016: £nil), as the subsidiary undertakings undertook a capital reduction, reducing their recoverable value below the carrying value held by the Company. The balance sheet as at 30 June 2017 shows net current assets of £nil (2016: £190.3m), caused by a decrease in intercompany debtors of £198.9m and decrease in intercompany creditors of £8.1m as a result of the Group restructuring and simplification project.

The Rank group will continue to use the Company as an investment holding company and there are no current plans to liquidate the entity. If any liabilities become due it is the expectation of management that the Rank Group will provide finance as required. On this basis, the directors have concluded it is appropriate to prepare the financial statements on a going concern basis.

Future outlook and uncertainties

As an investment holding company the main outlook and uncertainties surround the financial performance of its subsidiary undertakings. The directors' focus is on increasing customer numbers, visits and revenue by bringing enjoyable gaming-based leisure experiences to a broader base of customers. Against this backdrop, the key elements of the strategy are:

- Creating a compelling multi-channel offer – by building on the existing portfolio of venues, membership systems, reward programmes and high level engagement between team members and customers;
- Building digital capability – replicating the strong position of the venues across digital channels;
- Developing our venues – continuing to invest in existing venues (in terms of product, environment and service) and by creating new ones;
- Investing in brands and marketing – increased brand marketing programmes, providing appropriate support for the established brands and development of new brands for the digital market; and
- Using technology to drive efficiency and improve customer experience – by speeding up processes, harnessing technological developments and increasing digital technologies in venues.

RANK OVERSEAS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

Key performance indicators (KPI)

The directors of Rank manage the Group's operations 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 the Company. The development, performance, and position of the Group, which includes the Company, is discussed in more detail on pages 1 to 48 of the Group's 2017 Annual Report and accounts ('ARA') which do not form part of this report. The directors do not anticipate any immediate or substantial variations to the Company's current activities.

Principal risks and uncertainties

The principal risks and uncertainties of Rank, which include those of the company, are discussed on pages 42 to 44 of the Group's annual report for the year ended 30 June 2017.

The risks and uncertainties and their mitigations pertaining to the Company are shown below:

Principal Risk		Mitigation
Regulation	<p>An adverse change in regulation could increase the administrative cost of operations.</p> <p>Enhanced requirements for companies around policies and procedures on anti-money laundering (AML), counter-terrorist financing (CTF) and anti-proceeds of crime (PoC). If not adhered to could lead to financial or reputational damage.</p>	<p>The business works hard to ensure it actively provides and promotes an environment for customers to play safely, supported by its long-running 'Keep it Fun' brand, which gives customers clear advice and guidance.</p> <p>The company also works with stakeholders, customers and regulators to help public understanding of the gaming offers it provides. Rank also participates in trade bodies' representations to political and regulatory bodies to ensure that such stakeholders clearly understand the positive contribution that its business provides to the economy.</p> <p>The directors and Group audit committee regularly review the Company's management of controls in regard to AML, CTF, PoC and legislative requirements.</p>
Taxation	New or increased taxation could have a material impact on the financial condition and results of the business.	The business continues to participate in all relevant consultations by government.
Macroeconomic conditions	Current macroeconomic conditions coupled with political uncertainty over the Brexit negotiations, are causing a reduction in confidence in the UK economy, with an impact on discretionary leisure spending.	Rigorous trading analysis and business planning ensures that the business is ready to respond to changing conditions in a rapid and flexible manner.
Business continuity and disaster recovery	Due to the significant reliance on technology, and the criticality of staff in serving customers and running the business, serious disruptive events such as technology failure may cause an	Business continuity plans are in place for key operations and are reviewed on a regular basis to ensure that they remain in a state of preparedness.

RANK OVERSEAS HOLDINGS LIMITED
DIRECTORS' REPORT (CONTINUED)

	interruption to the ability to operate elements of the business if business continuity and disaster recovery plans failed to operate successfully.	Plans for the recovery of critical IT services are similarly in place and reviewed on an ongoing basis.
Data management, information technology and cyber risk	In the course of its commercial business, and to comply with relevant regulatory and legal requirements, the Company collects and stores a considerable amount of data regarding its customers, staff and suppliers. The robust protection of this data is critical to ensuring that the Company acts responsibly in protecting these stakeholders from risk as well as complying with relevant data protection regulation.	The Group, on behalf of all of its subsidiaries, has invested resources in its information technology and cyber-security capabilities and continues to do so, with a team of specialist security resources guiding a comprehensive data and security strategy. A continuous process of risk assessment, identification and remediation is in place alongside robust change management protocols to minimise the risk of interruptions caused by IT changes.

Directors

The following were directors of the Company during the year and at the date of these accounts:

Mr H.B. Birch
Mr C.A.R. Jennings
Ms F. Bingham (Company Secretary)

Dividends

The directors approved the payment of a special dividend of £210.4m (2016: £nil). This is a direct result of the Group restructuring and simplification project undertaken.

Statement of directors' responsibilities

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 period. 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:

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

RANK OVERSEAS HOLDINGS LIMITED
DIRECTORS' REPORT (CONTINUED)

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.

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

Insurance and indemnities

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

Auditors

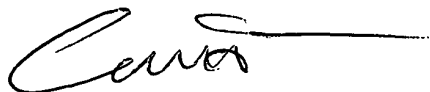
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In accordance with s487(2) of the Companies act 2006, Ernst & Young LLP will continue as auditors of the Company.

Small company's exemption

In preparing the Directors' Report, advantage has been taken of the small company's exemption under the Companies Act 2006. As a result of this exemption, the Company is not required to prepare a strategic report.

By order of the board



Mr C.A.R. Jennings
Director
Date: 23 November 2017

Opinion

We have audited the financial statements of Rank Overseas Holdings Limited ('the Company') for the year ended 30 June 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2017 and of its profit 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 set out on pages 1 to 5, 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.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

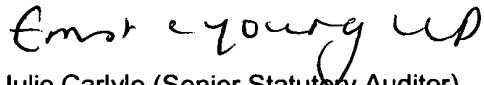
Auditor's responsibilities for the audit of the financial statements

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RANK OVERSEAS HOLDINGS LIMITED

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.



Julie Carlyle (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 2nd November 2017

RANK OVERSEAS HOLDINGS LIMITED
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

		Year ended 30 June 2017 £000	Year ended 30 June 2016 £000
	Note		
Other operating expense	2	-	(445)
Exceptional costs	2	(8,094)	-
Operating loss	2	(8,094)	(445)
Interest receivable	3	1,338	2,107
		1,338	2,107
Dividend income from subsidiary undertakings		18,968	11,418
Profit on ordinary activities before taxation		12,212	13,080
Taxation	4	(264)	(421)
Profit for the year		11,948	12,659

All results are from continuing operations

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

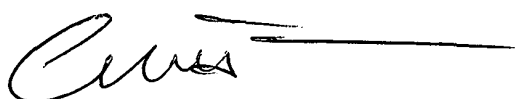
	Year ended 30 June 2017 £000	Year ended 30 June 2016 £000
Profit for the year	11,948	12,659
Total comprehensive income for the year	11,948	12,659

RANK OVERSEAS HOLDINGS LIMITED
BALANCE SHEET
AS AT 30 JUNE 2017

		At 30 June 2017 £000	At 30 June 2016 £000
	Note		
Fixed assets			
Investment in subsidiaries	6	7,977	16,071
Current assets			
Other debtors	7	-	198,849
Creditors: amounts falling due within one year			
Other creditors	8	-	(8,095)
Income tax payable		-	(421)
		-	(8,516)
Net current assets		-	190,333
Net assets		<u>7,977</u>	<u>206,404</u>
Capital and reserves			
Ordinary share capital	9	1,000	1,000
Retained earnings		<u>6,977</u>	<u>205,404</u>
Total equity		<u>7,977</u>	<u>206,404</u>

The notes on pages 12 to 18 are an integral part of these financial statements.

These accounts were approved by the board on 23 November 2017 and signed on its behalf by:



Mr C.A.R. Jennings
Director

RANK OVERSEAS HOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017**

	Share capital £000	Retained earnings £000	Total £000
At 1 July 2015	1,000	192,745	193,745
Total comprehensive income:			
Profit for the year	-	12,659	12,659
At 30 June 2016	1,000	205,404	206,404
Total comprehensive income:			
Profit for the year	-	11,948	11,948
Transactions with owners:			
Bonus issue of shares – Tranche 1	217,300	(217,300)	-
Capital reduction – Tranche 1	(217,300)	217,300	-
Bonus issue of shares – Tranche 2	91,800	(91,800)	-
Capital reduction – Tranche 2	(91,800)	91,800	-
Dividend paid to equity holder	-	(210,375)	(210,375)
At 30 June 2017	1,000	6,977	7,977

Reserves created through a capital reduction are considered realised profits as a matter of UK Company law.

Rank Overseas Holdings Limited had unrealised profits relating to an intercompany receivable, however, in accordance with s846 of Companies Act 2006, the company was able to use these unrealised profits through a distribution of the receivable.

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

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

A Basis of preparation

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

- the requirement of IAS7 'Statement of Cash Flows';
- the requirements in IAS24 'Related Party Disclosures' to disclosure related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member; and
- the requirements of IFRS7 'Financial Instruments: Disclosures'.

The results of the Company, along with the equivalent disclosures in respect of the exemptions listed above are included in the consolidated financial statements of Rank, details of which are shown in note 12.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. A summary of the more important Company accounting policies is set out below.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are set out below.

(i) Estimated impairment of property, plant and equipment and Investments in subsidiaries.

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

The application of the policy requires the use of accounting estimates and judgements in determining the recoverable amount of the investment in subsidiaries. The recoverable amount is the higher of the fair value less costs of disposal and value in use. Estimates of fair value less costs of disposal are performed internally by experienced senior management supported by knowledge of similar transactions and advice from external experts or, if applicable, offers received. Value in use is calculated using estimated cash flow projections from financial budgets, discounted by selecting an appropriate rate for each investment. The best estimate of the directors may differ from the actual results.

Standards, amendments to and interpretations of existing standards adopted by the Company

The Company has not adopted any new standards, amendments or interpretations in the year.

Standards, amendments to and interpretations of existing standards that are not yet effective

The Company is not expected to be materially impacted any new standards, amendments or interpretations of existing standards, that have been published and are mandatory for accounting periods starting after 1 July 2017.

With the exception of IFRS 16 'Leases', which is effective for annual periods starting on or after 1 January 2019, the Company is not expected to be materially impacted by any new standards, amendments or interpretations of existing standards, that have been published and are mandatory for the first time for accounting periods starting after 1 July 2016. IFRS 16 'Leases' will become mandatory for the Company's reporting period ending 30 June 2020 and it is anticipated that this will have a material impact upon the Company's financial statements. Since the impact is influenced by the Company open lease position, it is not yet possible to reasonably quantify its effects.

IFRS 15 will be effective for our June 2019 financial reporting period. The Company does not anticipate a material impact on the results or net assets from these standards, which are in issue but not yet effective.

IFRS 9 will be effective for our June 2019 financial reporting period. The Company does not anticipate a material impact on the results or net assets from these standards, the final assessment is ongoing at the date of signing the accounts.

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

B Investments

Investments in subsidiaries are held at cost, less impairment.

C Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

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

If an impairment loss is recognised, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an exceptional expense in the income statement immediately.

A reversal of an impairment loss is recognised as exceptional income in the income statement immediately.

D Taxation

Current tax is applied to taxable profits at the rates ruling in the relevant country.

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

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

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

E Other debtors

Other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

F Other creditors

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

G Exceptional items

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

H Financial assets and Liabilities

Financial assets include loans and receivables and cash (and cash equivalents), or where the Company has a contractual right owed to it. A financial asset is derecognised when substantially all the risk and rewards or control have been transferred.

Financial liabilities include trade and other payables and loans and borrowings (including bank overdrafts), but exclude statutory liabilities such as social security and other taxes.

RANK OVERSEAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

2. Operating loss for the year

The following items have been included in arriving at the loss for the year:

		Year ended 30 June 2017 £000	Year ended 30 June 2016 £000
	Note		
Loss on disposal of subsidiary undertaking	6	-	445

The audit fee is borne by Rank Leisure Holdings Limited, the Company's immediate parent.

The analysis of the exceptional items during the year is as follows:

	Year ended 30 June 2017 £000	Year ended 30 June 2016 £000
Exceptional operating costs:		
Impairment of investment in subsidiary undertakings	8,094	-
Total exceptional operating cost	8,094	-

During the year, Rank undertook a group restructuring and simplification project, aiming at simplifying the group structure and reducing the intercompany balances within the group. As part of this review, the Company impaired its investment in Rank Overseas Finance Limited as Rank Overseas Finance Limited undertook a capital reduction, reducing their recoverable value below the carrying value held by the Company..

In the prior year, Rank Insurance Ltd was sold resulting in a loss on disposal of £445,000.

3. Interest

	Year ended 30 June 2017 £000	Year ended 30 June 2016 £000
Interest receivable from Group companies	1,338	2,107
Total	1,338	2,107

RANK OVERSEAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

4. Taxation

	Year ended 30 June 2017 £000	Year ended 30 June 2016 £000
Current tax		
UK corporation tax in respect of current year	264	421
Total current tax	264	421
Tax charge in the income statement	264	421

The tax on the Company's result before tax differs from the standard rate of UK corporation tax of 19.75% (2016: 20.00%). The differences are explained below.

Profit before tax	12,212	13,080
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	2,412	2,616
Effects of:		
Income not subject to tax	(3,746)	(2,284)
Expenses not deductible for tax purposes	1,598	89
Tax charge in the income statement	264	421

On 8 July 2015, the Chancellor of the Exchequer announced the reduction in the main rate of UK corporation tax to 19.0% for the year starting 1 April 2017 and a further 1.0% reduction to 18.0% from 1 April 2020. These changes were substantively enacted in October 2015.

On 16 March 2016, the Chancellor of the Exchequer announced a further 1.0% reduction to the previously announced 18.0% main rate of UK corporation tax to 17.0% from 1 April 2020. This change was substantively enacted in September 2016.

The rate reductions will reduce the amount of cash tax payments to be made by the Company in future periods.

The company has capital losses of £243m (2016: £243m). These losses are available for offset against future UK chargeable gains. No deferred tax asset has been recognised in respect of these losses as no further utilisation is currently anticipated.

5. Dividends

Amounts recognised as distributions to equity holders in the year:

	At 30 June 2017 £000	At 30 June 2016 £000
Special dividend for the year ended 30 June 2017 of £210.38 per ordinary share paid on 8 March 2017	210,375	-
	210,375	-

The dividend was approved by the directors during the year, and forms part of the Group restructuring and simplification project.

RANK OVERSEAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

6. Investment in subsidiaries

	Investments £000
Cost	
At 1 July 2015	22,369
Disposal	(996)
At 30 June 2016 and 30 June 2017	21,373
Impairment provision	
At 1 July 2015	(5,880)
Disposal	578
At 30 June 2016	(5,302)
Impairment	(8,094)
At 30 June 2017	(13,396)
Net book value at 30 June 2015	16,489
Net book value at 30 June 2016	16,071
Net book value at 30 June 2017	7,977

During the year, Rank undertook a group restructuring and simplification project, aiming at simplifying the group structure and reducing the intercompany balances within the group. This project led to the Company impairing the investment in Rank Overseas Finance Limited by £8,094,000 and transferring two directly owned subsidiaries, and their respective subsidiaries, to Rank (U.K.) Holdings Limited. These subsidiaries were Rank America Inc and Rank Overseas Finance Limited.

A list of all the investments in subsidiary undertakings is included in note 13.

7. Other debtors

	At 30 June 2017 £000	At 30 June 2016 £000
Amounts falling due within one year		
Amounts owed by parent undertakings	-	198,849
	-	198,849

The Company held no trade debtors at either balance sheet date and accordingly no provision for trade debtors was held. The other classes within trade and other debtors do not contain impaired or past due assets.

The Group restructuring and simplification project included the net settling of intercompany debtors owed by fellow subsidiary undertakings, which explains the movement year on year.

8. Other creditors

	At 30 June 2017 £000	At 30 June 2016 £000
Amounts owed to subsidiary undertakings	-	8,095
	-	8,095

The carrying value of other creditors is assumed to approximate to their fair value. Amounts owed to related undertakings are unsecured, repayable on demand and are interest free and accordingly have no set maturity date. The Company has provided no collateral as security.

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The Group restructuring and simplification project included the net settling of intercompany creditors owed by fellow subsidiary undertakings, which explains the movement year on year.

9. Ordinary share capital

	At 30 June 2017 £000	At 30 June 2016 £000
Authorised		
900,000,000 ordinary shares of £1 each	<u>900,000</u>	<u>900,000</u>
Issued and fully paid		
1,000,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

10. Directors and employees

The directors received no remuneration in the period in respect of their qualifying services to the Company, which were of negligible value (2016: nil). There were no employees of the Company during the period (2016: nil).

11. Financial assets and liabilities

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

	Other financial assets	
	At 30 June 2017 £000	At 30 June 2016 £000
Other debtors	-	198,849
Total	<u>-</u>	<u>198,849</u>

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NOTES TO THE FINANCIAL STATEMENTS

11. Financial assets and liabilities (continued)

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

	Other financial liabilities	
	At 30 June	At 30 June
	2017	2016
	£000	£000
Other creditors	-	8,095
Total	-	8,095

12. Parent undertakings and related party transactions

The Company's immediate parent undertaking is Rank Leisure Holdings Limited. A company incorporated in England and Wales.

The ultimate parent undertaking is Hong Leong Company (Malaysia) Berhad (Hong Leong), which is incorporated in Malaysia. Hong Leong is the parent undertaking of the largest group to consolidate these financial statements (from the date Hong Leong became the ultimate parent undertaking). The Rank Group Plc was the parent undertaking of the smallest group to consolidate these financial statements. Copies of The Rank Group Plc consolidated financial statements can be obtained from http://www.rank.com/en/investors/results--reports---presentations.all_year2017.html or by written request to the Company Secretary at TOR, Saint-Cloud Way, Maidenhead, Berkshire, SL6 8BN.

13. Subsidiaries

The Company owns directly or indirectly 100% of the issued share capital and voting rights of the following companies:

Name	Country of incorporation	Principal activities	Registered office address
Rank Digital España SA (Previously Rank Malta Operations p.l.c.)	Spain	Interactive gaming	Calle Balmes Nº 268-270 1st Floor, 08006, Barcelona, Spain
Conticin SL	Spain	Social and bingo clubs	Calle Balmes Nº 268-270 1st Floor, 08006, Barcelona, Spain
Gotfor SA	Spain	Social and bingo clubs	Calle Balmes Nº 268-270 1st Floor, 08006, Barcelona, Spain
Rank Cataluña SA	Spain	Social and bingo clubs	Calle Balmes Nº 268-270 1st Floor, 08006, Barcelona, Spain
Rank Centro SA	Spain	Social and bingo clubs	Calle Balmes Nº 268-270 1st Floor, 08006, Barcelona, Spain
Top Rank Andalucía SA	Spain	Social and bingo clubs	Conde Robledo 1, 14008, Cordoba, Spain
Verdiales SA	Spain	Social and bingo clubs	Sala Andalucía, Ronda, Capuchinos 19, 41008, Sevilla, Spain
Blankenberge Casino-Kursaal NV (1)	Belgium	Casino	Zeedijk (Casino), B-84030 Middelkerke, Belgium
Middelkerke Casino-Kursaal NV (1)	Belgium	Casino	Zeedijk (Casino), B-84030 Middelkerke, Belgium
Rank Holding España SA (1)	Spain	Intermediary holding company	Calle Balmes Nº 268-270 1st Floor, 08006, Barcelona, Spain

(1) Directly held by the Company.

The principal activities are carried out in the country of incorporation as indicated above. All subsidiary undertakings have a 30 June year end.