GALA CORAL
GROUP

Annual Report and Accounts

Gala Coral Group Limited

For the year ended 28 September 2013

Registered Number: 07254686

DIRECTORS

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C A Leaver (Chief Executive Officer)
P Bowtell (Chief Financial Officer)
A Hornby
C Attwood (Non Executive Director)
D R Kornstein (Non Executive Director)
G B C Hardy (Non Executive Director)
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SECRETARY

H A Willits

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The directors present their annual report and the audited financial statements of Gala Coral Group Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 28 September 2013. The Group prepares its financial statements to the last Saturday in September. As a result of this the Group benefits from an additional 53rd week of trading in certain years (last 53 week year was 2012). This resulted in a 13 week final quarter in 2012 as opposed to the typical 12 week quarter.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 28 September 2013 are set out on page 26 and show an operating profit for the year before other operating income and exceptional items, of £151.7 million (2012: £189.5 million). No dividends have been paid or proposed (2012: £nil). The loss for the year after taxation was £218.7 million (2012: £123.2 million) and includes £72.9 million of exceptional operating costs (2012: £74.2 million).

PRINCIPAL ACTIVITIES

The principal activities of the Group are the operation of licensed betting offices (LBOs), bingo clubs and an online betting and gaming business. More information on the activities of the Group is provided in the Business Review below. The principal activity of the Company is that of a holding company.

KEY FINANCIALS FOR THE FULL YEAR

	FY13 £m	FY12 Rebased{2} £m	Euro 2012/ Week 53 £m	FY12 £m
Gross Profit {1,3}	822.0	801.5	17.9	819.4
Continuing Opco EBITDA {1,4}	208.2	228.9	7.7	236.6
Discontinued Operations EBITDA {4}	10.5	15.8	0.2	16.0
Propco rent	27.7	27.1	0.5	27.6
Total Group EBITDA{4,5}	**246.4**	**271.8**	**8.4**	**280.2**

{1} Results include all revenue and expenses for the continuing "Opco" Group and exclude the disposed casinos
{2} The FY12 comparatives have been adjusted to exclude the impact of Euro 2012 and week 53 to aid comparability between years
{3} Represents management accounts gross profit rather than statutory gross profit and excludes a cost of £0.6m of free bets in Casinos for FY12
{4} Pre-exceptional items
{5} Includes disposed casinos and Propco rent

HIGHLIGHTS – FULL YEAR

The key trading highlights for the Continuing Operations {1/2} for the year ended 28 September 2013 were as follows:

- Turnover was 6% ahead of last year and gross profit was £20.5 million or 3% ahead of last year, reflecting growth in all continuing businesses except Gala Retail.
- EBITDA (pre-exceptionals) was £20.7 million or 9% behind last year, primarily as a result of difficult trading in Q4 (down £16.7 million) in our UK Retail divisions which were impacted particularly by sports results and the hot weather.
- Coral Retail gross profit was £8.7 million or 2% ahead of last year, driven by new shop openings, and the launch of new products and initiatives including the rollout of new Infinity machines.
- Eurobet Retail gross profit was £2.0 million or 15% ahead of last year. Sports stakes were £17.5 million or 13% higher, as a result of the relocation of underperforming licences to areas with higher footfall.
- Gala Retail gross profit declined by 7% due to continued lower admissions.
- The online businesses demonstrated strong gross profit growth, up £25.8 million or 38% versus last year. Actives grew across all websites, with 81% growth on Coral.co.uk, 40% on Eurobet.it, 21% on Galabingo.com and 186% on Galacasino.com.
- Despite lower year on year EBITDA (pre-exceptionals), the Group delivered strong free cashflow for the year of £37.0 million (2012: outflow of £1.0 million).

HIGHLIGHTS – FULL YEAR (continued)

- The sale of 19 UK Casinos to the Rank Group Plc for total proceeds of £179.0 million completed on 12 May 2013. A prepayment of the Term Loan B debt of £113.1 million was made, leaving covenant net debt at the end of FY13 of £1,149.2 million, an improvement of £172.8 million since the year end, and reducing the net debt/EBITDA (pre-exceptionals) LTM (last twelve months) covenant by 0.4x on a pro-forma basis to 5.1x. The Group has also reclassified its residual 4 UK casinos as discontinued operations as the disposals of these assets are expected to complete in the coming weeks.

OVERVIEW OF THE YEAR BY DIVISION

Coral Retail

	52 weeks ended 28 September 2013	Adj 52 weeks 2012{3}	Year on Year variance	53 weeks ended 29 September 2012
KPIs {1}				
OTC				
Gross win margin (%)	17.9%	17.3%	0.6pp	17.2%
Average number of LBO's	1,764	1,721	3%	1,721
Machines				
Average number of machines	7,029	6,867	2%	6,867
Gross win/machine/week (£)	928	920	1%	920
P&L{1}				
OTC amount staked	1,736.6	1,789.3	(3%)	1,840.4
Machines amount staked	9,105.0	9,277.4	(2%)	9,460.4
Total stakes{3}	10,841.6	11,066.7	(2%)	11,300.8
OTC gross win	310.2	308.9	-	316.7
Machines gross win	339.2	328.1	3%	334.9
Total gross win	649.4	637.0	2%	651.6
Divisional gross profit	501.0	492.3	2%	503.6
Operating costs{2}	(352.5)	(333.3)	(6%)	(339.7)
EBITDA {4}	**148.5**	**159.0**	**(7%)**	**163.9**

{1} Results are for the total estate unless otherwise stated
{2} FY12 and FY13 operating costs have been restated to include costs that were previously managed centrally (including employee bonus costs). Operating costs also include sub-let rental income
{3} FY12 has been restated to exclude the impact of the Euro 2012 football championships and week 53 to aid comparability
{4} EBITDA is stated pre-exceptional items

OVERVIEW OF THE YEAR BY DIVISION (continued)

Coral Retail (continued)

Note: All year on year variances are stated against FY12 excluding Euro 2012 and week 53 to aid comparability.

Coral Retail EBITDA (pre-exceptionals) was £10.5 million or 7% behind last year, with gross profit growth of £8.7 million or 2% offset by a £19.2 million or 6% increase in costs primarily as a result of new openings, MGD and content costs.

OTC stakes were £52.7 million or 3% behind last year. Horse racing stakes were 6.7% down partially due to the withdrawal of ineffective concessions (enhanced pricing) that were being offered in Q1 of the prior year (whilst these offers drove higher stakes, they damaged profitability). OTC football stakes continued to grow benefitting from the roll out of 985 Self Service Betting Terminals (SSBTs) and new product launches such as the "Football Jackpot", a pool bet guaranteeing a £1.0 million pay-out to the first unique winner. Virtual racing and lottery stakes also grew strongly.

OTC gross win margin was 0.6pp ahead of last year at 17.9%, despite the poor Q4. Football margins were 2.6pp ahead supported by favourable results during the 2012/2013 football season with the range of new products helping to drive structural margin improvement. The overall margin improvement resulted in OTC gross win £1.3 million ahead of last year.

Machines gross win was £11.1 million or 3% ahead of last year. Gross win margin was 0.2pp ahead due to a significant change in mix from B2 to B3 games. During the year we rolled out over 7,000 new Infinity machines and this rollout contributed to a market leading gross win per machine per week of £928.

The adverse weather in the winter (three separate snowfall periods) and the summer heat-wave were estimated to have impacted EBITDA (pre-exceptionals) by £2.5 million, as a result of fixture cancellations and reduced footfall.

Operating costs were £19.2 million or 6% higher than last year, primarily as a result of estate development (£7.8 million), increased shop TV content costs (£5.7 million) and increased irrecoverable VAT (£10.7 million) due to the introduction of MGD.

Eurobet Retail

	52 weeks ended 28 September 2013	Adj 52 weeks 2012{3}	Year on Year variance	53 weeks ended 29 September 2012
KPIs{1}				
LBO sports gross win margin (%)	21.6%	20.4%	1.2pp	19.8%
Average number of licences	376	348	8%	348
P&L{1}				
LBO sports stakes	154.1	136.6	13%	147.4
Other stakes	123.1	120.1	3%	122.0
Total amounts staked	277.2	256.7	8%	269.4
LBO sports gross win	33.2	27.8	19%	29.2
Other gross win	7.2	8.2	(12%)	8.3
Total gross win	40.4	36.0	12%	37.5
Total gross profit	15.5	13.5	15%	13.7
Operating costs{2}	(6.1)	(5.3)	(15%)	(5.2)
EBITDA{4}	**9.4**	**8.2**	**15%**	**8.5**

{1} Results are for the total estate unless otherwise stated
{2} FY12 and FY13 operating costs have been restated to include costs that were previously managed centrally (including employee bonus costs)
{3} FY12 has been restated to exclude the impact of the Euro 2012 football championships and week 53 to aid comparability
{4} EBITDA is stated pre-exceptional items

OVERVIEW OF THE YEAR BY DIVISION (continued)

Eurobet Retail (continued)

Note: All year on year variances are stated against FY12 excluding Euro 2012 and week 53 to aid comparability.

Eurobet Retail EBITDA (pre-exceptionals) of £9.4 million was £1.2 million or 15% ahead of last year.

Sports stakes were £17.5 million or 13% ahead of last year, driven by the relocation of underperforming licences to areas with higher footfall, and the opening of the first new tender shops towards the end of the year.

Sports margin was 1.2pp ahead of last year at 21.6% resulting in gross win £5.4 million or 19% ahead.

As a result of relocating licences, Eurobet Retail continued to achieve significant market share gains with a sports market share of 8.9% in September 2013, 1.9pp ahead of the same time last year. This increase was also supported by high profile marketing campaigns including sponsorship of the Serie B football league. The retail estate continued to play a significant role in the acquisition of online players for Eurobet Italia with 65% of all online acquisition achieved through the Retail channel.

Net operating costs were £0.8 million or 15% higher than last year, due to increased payroll costs, driven by increased headcount in the enlarged post-tender business, and a higher bonus cost accrual than last year.

Eurobet Italia was successful in its application for 500 new licences and was the first operator to receive its licences on the 8 July. The first shops were operational at the end of July, with 176 shops open at the end of the financial year. All shops are expected to be open by February 2014. Early results from the new licences are encouraging. Expanding the retail footprint through these new licences will also help to accelerate the recruitment of online players.

Online

	52 weeks ended 28 September 2013	Adj 52 weeks 2012{2}	Year on Year variance	53 weeks ended 29 September 2012
KPIs{2}				
Actives – Coral.co.uk ('000)	468.1	258.5	81%	260.8
Actives – Eurobet.it ('000)	114.2	81.6	40%	82.9
Actives – Galabingo.com ('000)	321.5	266.7	21%	270.5
Actives – Galacasino.com ('000)	75.2	26.3	186%	26.7
Sports Gross Win Margin - Coral.co.uk (%)	5.9%	6.9%	(1.0pp)	6.9%
Sports Gross Win Margin – Eurobet.it (%)	13.5%	13.3%	0.2pp	13.2%
P&L{1}				
Total amounts staked	3,077.0	2,142.9	44%	2,188.7
Total gross win	157.5	108.1	46%	111.1
Total gross profit	94.3	68.5	38%	70.7
Operating costs{1}	(34.3)	(24.7)	(39%)	(25.3)
Marketing	(34.7)	(16.1)	(116%)	(16.4)
EBITDA{3,4}	**25.3**	**27.7**	**(9%)**	**29.0**

{1} FY12 and FY13 operating costs have been restated to include costs that were previously managed centrally (including employee bonus cos businesses include Coral.co.uk, Eurobet.it, Galabingo.com, Galacasino.com and Coral Telebet.
{2} FY12 has been restated to exclude the impact of the Euro 2012 football championships and week 53 to aid comparability
{3} EBITDA is stated pre-exceptional items
{4} EBITDA of £25.3m is made up of Coral.co.uk (£8.9m), Coral Telebet £1.0m, Eurobet.it £3.9m and Galabingo.com and Galacasino.com £29.3m

OVERVIEW OF THE YEAR BY DIVISION (continued)

Online (continued)

Note: All year on year variances are stated against FY12 excluding Euro 2012 and week 53 to aid comparability.

Online EBITDA (pre-exceptionals) of £25.3 million was £2.4 million or 9% behind last year primarily as a result of an increase in marketing costs of £18.6 million. Following the launch of the Coral and Gala websites we have invested heavily in marketing to drive active players and this spend (particularly in the second half of the year) will not deliver a return on the investment until FY14. Gross profit was up £25.8 million or 38%.

All websites delivered a significant growth in actives during the year, with Coral.co.uk actives increasing by 209.6k or 81%, Eurobet.it by 32.6k or 40%, Galabingo.com by 54.8k or 21% and Galacasino.com by 48.9k or 186%.

Coral.co.uk's first full year of activity following its launch on 11 October 2012 saw a year-on-year improvement in gross win of £22.5 million or 99%. Sports stakes were £146.7 million or 121% ahead of last year driven by new TV advertising and other high profile marketing campaigns. The sportsbook product offering continues to improve, particularly BiP. Sports gross win margin was 1.0pp behind at 5.9% resulting in gross win £7.4 million or 87% ahead. Actions have been taken to address the gross win margin throughout the year, including the removal of many unprofitable customer accounts, improvements to data feeds and settlement, and we are confident of significant margin improvements in FY14.

Coral.co.uk gaming gross win was £15.1 million or 104% ahead; an excellent performance, reflecting superior content post launch and the benefits of a single wallet.

Eurobet.it gross win was £5.2 million or 23% ahead of last year with Sports stakes £18.5 million or 28% ahead. Gaming stakes were 6% ahead driven by the introduction of new slots content which helped offset a market wide decline in poker stakes.

Galabingo.com and Galacasino.com gross win was £25.2 million or 46% ahead of last year, representing a successful first full year following the launch in late FY12. Stakes were 22% and 100% ahead respectively driven by strong customer acquisition and high profile marketing campaigns including a tie-up with the hit ITV show "Saturday Night Takeaway". A successful multi-channel initiative with Gala Retail also contributed with the acquisition of over 30k new actives.

Mobile penetration grew across all sites, with over 50% of UK actives and 30% of Eurobet actives now accessing the sites through a mobile device.

Operating costs (excluding marketing) were £9.6 million or 39% higher than last year, which was in-line with expectations and reflects the increased size of the new businesses.

OVERVIEW OF THE YEAR BY DIVISION (continued)

Gala Retail

	52 weeks ended 28 September 2013	Adj 52 weeks 2012{3}	Year on Year variance	53 weeks ended 29 September 2012
KPIs {1}				
Admissions ('000)	15,086	16,440	(8%)	16,732
Spend per head (£)	35.24	34.82	1%	35.92
P&L{2}				
Net income	291.3	303.1	(4%)	308.7
Total gross profit	204.6	219.4	(7%)	223.3
Operating costs {4}	(137.7)	(140.2)	2%	(142.0)
Rent (including Propco rent)	(41.7)	(40.8)	(2%)	(41.5)
EBITDA {5}	**25.2**	**38.4**	**(34%)**	**39.8**

{1} KPIs are stated on a like for like basis due to the number of closures year on year
{2} P&L results are for the total estate
{3} The FY12 comparatives have been restated to exclude the impact of week 53 to aid comparability
{4} FY12 and FY13 operating costs have been restated to include costs that were previously managed centrally (including employee bonus costs). Operating costs also include sub-let rental income
{5} EBITDA is stated pre-exceptional items

Note: All year on year variances are stated against FY12 excluding week 53 to aid comparability.

EBITDA (pre-exceptionals) of £25.2 million was £13.2 million or 34% behind the prior year as a result of a decline in admissions.

Admissions across the industry were down, not helped by the severe snow in Q2 and the abnormally hot weather in Q4. In Gala's case, this decline was due to a lower frequency of visit rather than a reduction in the number of active members.

An 8% reduction in admissions led to a gross profit decline of £14.8 million or 7% behind the prior year. Machines held up (relatively) well with spend per head increasing by 7% on the prior year resulting in gross profit only £1.4 million or 2% down on a like-for-like basis.

Q4 saw the launch of our 'Price Smash' initiative in which prices have been reduced and fixed prize boards introduced in order to attract admissions. Early results have been positive and a wider roll-out is underway.

Through tight cost control, management reduced operating costs by £6.0 million (primarily payroll). However, this saving was mostly offset by the introduction of MGD (£3.5 million) and inflationary cost pressures on property and utility costs.

OVERVIEW OF THE YEAR BY DIVISION (continued)

Casino Disposal

The Group completed the sale of 19 of its 24 casinos to the Rank Group Plc on the 12 May for total proceeds of £179.0 million and expects to complete on the sale of its remaining 4 UK casinos prior to Christmas having exchanged on 31st August. The results of these casinos have been classified as a discontinued operation and are excluded from the results of the continuing Group. The results of the casino division for the period for which they were owned by the Gala Coral Group are disclosed below.

	52 weeks ended 28 September 2013 £m	Adj 52 weeks 2012{3} £m	53 weeks ended 29 September 2012 £m
P&L{2}			
Casinos gross profit{1,2}	69.7	101.8	103.7
Casinos EBITDA (pre-exceptionals) {1,3}	10.5	15.8	16.0

{1} Includes 8 periods of trading for the 19 casinos sold to Rank and 13 periods of trading for the remaining 4 casinos for which completion is anticipated within 3 months of the year end.
{2} Reflects statutory gross profit
{3} EBITDA (pre-exceptionals) is stated after charging Propco rent

Group

Turnover from continuing activities of £1,099.7 million represents an increase of £40.8 million or 4% over the prior year. Excluding the impact of the Euro 2012 and week 53 in FY12, turnover increased by 6%.

Group EBITDA (pre-exceptionals) decreased from £280.2 million in the prior year to £246.4 million in the current year, with £7.9 million of the decrease attributable to week 53 and Euro 2012 in the prior year and £6.5 million due to the sale of Casinos to The Rank Group Plc.

A depreciation charge (including trading potential write down) of £79.3 million (2012: £71.8 million) and an amortisation charge of £18.3 million (2012: £17.5 million) were incurred in the year.

The profit on disposal of fixed assets of £8.9 million in the year (2012: loss of £2.8 million) includes the profit on disposal of three freehold properties disposed of in Gala Propco Three Limited and a profit in relation to the disposal of a licence in the Gala Casino division.

On 12 May 2013 the Group completed the sale of 19 of its UK casinos to The Rank Group Plc for total proceeds of £179.0 million plus adjustments for certain working capital movements. This resulted in a loss on disposal of £59.7 million. In addition a provision of £3.5 million has been made for the loss on disposal of the remaining 4 UK casinos which are to be sold post year end.

As a result of the above the profit before interest and tax is £27.6 million in the year (2012: £116.0 million).

Interest payable has increased from £229.9 million in 2012 to £235.2 million in 2013, primarily reflecting the roll-up of interest on the GCGL loan notes. Key elements of the interest charge include loan and bond interest of £129.7 million (2012: £136.2 million), of which £21.2 million (2012: £22.1 million) relates to the Gala Propco Three Limited loan, and non-cash interest on GCGL loan notes of £93.3 million (2012: £82.4 million). Interest payable also includes £9.7 million of costs (2012: £9.9 million) associated with the amortisation of debt issue costs and amortisation costs of interest rate cap premia, of which £0.7 million (2012: £0.9 million) relates to Gala Propco Three Limited. On 14 May 2013 the Group repaid £113.1 million of the Senior secured credit facilities and wrote off £2.1 million of its issue costs following the receipt of £179.0 million from The Rank Group Plc on the completion of the sale of 19 of its UK casinos. In addition the year included the payment of break fees amounting to £0.4 million on the early repayment, amounting to £5.8 million, of the Gala Propco Three Limited loan following certain property disposals.

OVERVIEW OF THE YEAR (continued)

During the year the Group received interest of £6.0 million (2012: £nil) on VAT refunds from HMRC on 'Condé Nast' claims.

Other finance costs in the period were £5.6 million (2012: £5.7 million) associated with the unwinding of discount on provisions and finance costs in relation to the pension scheme.

The tax charge for the year amounted to £13.2 million (2011: £4.2 million). The increase in tax charge is due to the de-recognition of deferred tax asset of £8.4 million.

The overall result after taxation for the year is a loss of £218.7 million, compared to a loss of £123.2 million in the prior year.

Exceptional items

Exceptional items in the year amounted to £72.9 million (2012: £74.2 million). The primary components of this include a charge of £59.1 million (2012: £nil) following the UK Court of Appeal's recent ruling in favour of HMRC, on fiscal neutrality of VAT on gaming machines (see note 30 for further details), costs of £10.0 million (2012: £13.6 million) associated with corporate simplification projects that are focused on ensuring the businesses can operate on a stand-alone basis and the final costs associated with launch of the new online businesses, offset by 'Conde Nast' rebates of £6.0 million. Within current year exceptionals there are also charges for share-based payments (non-cash) of £14.9 million (2012: £51.6 million) and a non-cash onerous lease credit of £17.1 million associated with the release of various property provisions (2012 included a charge of £2.3 million due to a change in the discount rate applied to future years). Exceptional items also include impairments of £6.0 million (2012: £2.1 million) which reflect the write down of tangible assets on the closure of bingo clubs and casinos. The prior year included costs of £4.6 million associated with the disposal of our Gala Casino division. The current year costs have been included in the loss on disposal of subsidiary.

Exceptional operating cash outflows in the year were £21.5 million (2012: £36.3 million).

Cash generated from operations in the year

During the year net cash inflow from operations was £235.1 million (2012: £244.7 million). This included exceptional cash payments of £21.5 million (2012: £36.3 million) and additional cash payments to the pension scheme of £2.6 million (2012: £2.0 million).

Of the cash inflows, £82.8 million (2012: £99.5 million) was reinvested in the Group to fund capital expenditure. In addition, the Group acquired a number of LBOs in the year for £5.2 million (2012: £8.4 million).

The Group received £14.5 million in net receipts (2012: £1.7 million) from the sale of tangible assets in the year of which £4.3 million was received as a result of three freehold property disposals in Gala Propco Three Limited and £7.4 million from the sale of a licence in the Gala Casino division.

On 12 May 2013 the Group completed the sale of 19 of its UK casinos to The Rank Group Plc for total proceeds of £179.0 million plus adjustments for certain working capital movements. On 14 May 2013 the Group repaid £113.1 million of the Senior secured credit facilities.

In the year £122.4 million of cash outflows was utilised to meet interest and other financing costs (2012: £135.7 million) with a further £11.5 million (2012: £4.7 million) repaid on the Gala Propco Three Limited loan, of which an amount was repaid early due to the sale of three freehold properties.

Free cashflow for the year (cash available to pay net cash interest costs and service financing) was £37.0 million (2012: £1.1 million outflow).

Total cash inflow for the year was £80.4 million (2012: outflow of £5.8 million).

OVERVIEW OF THE YEAR (continued)

Net Debt and Liquidity

Total net debt of £2,139.9 million (29 September 2012: £2,241.2 million) has decreased since the year end due to the cash received on the casino sale offset by the roll up of non-cash interest on subordinated loans from the ultimate parent company (GCGL loan notes). Total net debt includes the GCGL loan notes of £712.7 million and the Gala Propco Three Limited loan of £337.7 million which is ring fenced from the trading Group. The Propco Three Limited loan is repayable in less than one year and has been considered as part of the directors' assessment of going concern.

Cash at bank and in hand of £216.3 million includes cash for covenant purposes of £196.0 million. Net debt for covenant purposes was £1,149.2 million at the year end.

PENSIONS

During the year the Group closed its defined benefit pension scheme to future accrual realising a curtailment gain of £15.0 million. This gain has been offset against the charge associated with the de-recognition of the surplus in the scheme through the Statement of Total Recognised Gains and Losses.

The Group operates the Gala Coral Pension Plan, a fully funded defined benefit pension scheme. On 28 September 2013 the scheme was closed to future accrual and all participants were transferred to personal pension plans. As a result of the closure of the scheme the Group recognised a curtailment gain of £15.0 million.

Following the closure of the scheme the Group derecognised the defined benefit pension asset of £25.0 million as the surplus can no longer be recovered through the reduction of future contributions.

KEY FINANCIALS FOR QUARTER 4

	FY13 £m	FY12 Rebased{2} £m	Week 53 £m	FY12 £m
Gross Profit {1,3}	177.4	176.4	15.0	191.4
Continuing Opco EBITDA {1,4}	33.6	50.3	5.4	55.7
Discontinued Operations EBITDA {4}	(0.6)	3.1	0.2	3.3
Propco rent	6.5	6.3	0.5	6.8
Total Group EBITDA{3,4}	**39.5**	**59.7**	**6.1**	**65.8**

{1} Results include all revenue and expenses for the continuing "Opco" Group and exclude the disposed casinos
{2} The FY12 comparatives have been adjusted to exclude the impact of week 53 to aid comparability between years.
{3} Represents management accounts gross profit rather than statutory gross profit and therefore excludes the cost of certain free bets in Casinos
{4} Pre-exceptional items
{5} Includes disposed casinos and Propco rent

HIGHLIGHTS FOR QUARTER 4

As initially announced on 12 November 2013, Q4 was a difficult quarter, as reported by many of our competitors. The key trading highlights for the Continuing Operations {1/2} for the twelve weeks ended 28 September 2013 were as follows:

- OTC performance in Coral Retail was adversely impacted by poor sports results, in particular football at the start of the new season, where gross win margin was 13.8pp behind last year.
- Eurobet Retail sports stakes were £7.5 million or 31% ahead, driven by the opening of 176 of the 500 new shops and strong volumes in the base business following the relocation of underperforming licences.
- Coral.co.uk continued to show strong year on year growth with actives increasing by 118.6k or 108% to 228.5k. Sports stakes were 124% ahead, benefitting from an extended range of BiP products.
- Eurobet.it actives increased from 41.8k to 64.4k. Sports stakes were 30% ahead and gross win margin was 3.1pp ahead following the particularly poor football results at the start of last year's Serie A. Online sports market share in Italy now stands at 8.5%.
- Galabingo.com and Galacasino.com also saw year-on-year growth in the quarter with actives increasing by 21% and 49% respectively. Stakes were 33% ahead in Galabingo.com and 53% ahead in Galacasino.com, resulting in gross win £5.7m or 40% up.
- Gala Retail suffered with poor admissions, although towards the end of the quarter our Price Smash initiative started to have an encouraging impact on customer volumes, albeit at a lower spend per head.

OVERVIEW OF THE QUARTER BY DIVISION

Coral Retail – Quarter 4

	12 weeks ended 28 September 2013	Adj 12 weeks 2012{3}	Year on Year variance	13 weeks ended 29 September 2012
KPIs {1}				
OTC				
Gross win margin (%)	15.9%	17.7%	(1.8pp)	17.5%
Average number of LBO's	1,786	1,732	3%	1,732
Machines				
Average number of machines	7,129	6,906	3%	6,906
Gross win/machine/week (£)	899	901	(0%)	901
P&L{1}				
OTC amount staked	388.4	379.2	2%	413.1
Machines amount staked	2,049.3	2,024.3	1%	2,207.2
Total stakes{3}	2,437.7	2,403.5	1%	2,620.3
OTC gross win	61.7	67.2	(8%)	72.3
Machines gross win	77.0	74.1	4 %	80.9
Total gross win	138.7	141.3	(2%)	153.2
Divisional gross profit	107.5	109.3	(1%)	118.3
Operating costs{2}	(83.5)	(75.7)	(10%)	(81.7)
EBITDA {4}	**24.0**	**33.6**	**(29%)**	**36.6**

{1} Results are for the total estate unless otherwise stated
{2} FY12 and FY13 operating costs have been restated to include costs that were previously managed centrally (including employee bonus costs). Operating costs also include sub-let rental income
{3} FY12 has been restated to exclude the impact of week 53 to aid comparability
{4} EBITDA is stated pre-exceptional items

Note: All year on year variances are stated against FY12 excluding week 53 to aid comparability.

Coral Retail's underlying EBITDA (pre-exceptionals) of £24.0 million was £9.6 million or 29% lower than last year primarily as a result of poor results, particularly football, with OTC gross win down £5.5 million or 8%. The hot weather in the quarter also impacted footfall with stakes lower than expected, albeit still up on FY12.

Operating costs were £7.8 million or 10% higher than last year due to one-off launch costs for new products, new openings, content costs and MGD.

On average there were 56 more shops open in the quarter compared to last year.

OVERVIEW OF THE QUARTER BY DIVISION (continued)

Eurobet Retail – Quarter 4

	12 weeks ended 28 September 2013	Adj 12 weeks 2012{3}	Year on Year variance	13 weeks ended 29 September 2012
KPIs{1}				
LBO sports gross win margin (%)	13.1%	5.8%	7.3pp	6.3%
Average number of licences	427	342	25%	342
P&L{1}				
LBO sports stakes	31.6	24.1	31%	28.5
Other stakes	22.6	32.2	(30%)	32.2
Total amounts staked	54.2	56.3	(4%)	60.7
LBO sports gross win	4.1	1.4	193%	1.8
Other gross win	1.3	2.0	(35%)	2.0
Total gross win	5.4	3.4	59%	3.8
Total gross profit	1.4	0.3	367%	0.3
Operating costs{2}	(1.4)	(0.6)	(133%)	(0.5)
EBITDA{4}	**0.0**	**(0.3)**	**n/m**	**(0.2)**

{1} Results are for the total estate unless otherwise stated
{2} FY12 and FY13 operating costs have been restated to include costs that were previously managed centrally (including employee bonus costs)
{3} FY12 has been restated to exclude the impact of week 53 to aid comparability
{4} EBITDA is stated pre-exceptional items

Note: All year on year variances are stated against FY12 excluding week 53 to aid comparability.

Eurobet Retail EBITDA (pre-exceptionals) was £0.3 million ahead of last year.

Gross win was £2.0 million or 59% ahead of last year. Sports gross win margin of 13.1% was 7.3pp ahead of last year as a result of improved football results, albeit still below expectations. Sports stakes were £7.5 million or 31% ahead driven by the opening of 176 of the 500 new shops, where stakes are already ahead of expectations, and strong volumes in the base business.

Operating costs were up by £0.8 million as a consequence of increased payroll costs, driven by increased headcount in the enlarged post-tender business, and a higher bonus cost accrual than last year.

OVERVIEW OF THE QUARTER BY DIVISION (continued)

Online – Quarter 4

	12 weeks ended 28 September 2013	Adj 12 weeks 2012{2}	Year on Year variance	13 weeks ended 29 September 2012
KPIs{1}				
Actives – Coral.co.uk ('000)	228.5	109.9	108%	114.1
Actives – Eurobet.it ('000)	64.4	41.8	54%	44.3
Actives – Galabingo.com ('000)	130.1	107.9	21%	111.7
Actives – Galacasino.com ('000)	17.1	11.5	49%	11.8
Sports Gross Win Margin - Coral.co.uk (%)	4.1%	5.6%	(1.5pp)	5.4%
Sports Gross Win Margin – Eurobet.it (%)	11.3%	8.2%	3.1pp	8.9%
P&L{1}				
Total amounts staked	798.6	479.0	67%	516.6
Total gross win	38.4	25.9	48%	28.2
Total gross profit{1}	22.0	14.7	50%	16.4
Operating costs{2}	(7.6)	(3.4)	(124%)	(3.7)
Marketing	(9.7)	(4.0)	(143%)	(4.3)
EBITDA{3,4}	**4.7**	**7.3**	**(36%)**	**8.4**

{1} FY12 and FY13 operating costs have been restated to include costs that were previously managed centrally (including employee bonus costs). Online businesses include Coral.co.uk, Eurobet.it, Galabingo.com, Galacasino.com and Coral Telebet.
{2} FY12 has been restated to exclude the impact of the Euro 2012 football championships and week 53 to aid comparability
{3} EBITDA is stated pre-exceptional items
{4} EBITDA of £4.7m is made up of Coral.co.uk (£4.1m), Coral Telebet £0.1m, Eurobet.it £0.6m and Galabingo.com and Galacasino.com £8.1m

Note: All year on year variances are stated against FY12 excluding week 53 to aid comparability.

Online EBITDA (pre-exceptionals) was £2.6 million or 36% behind last year as a result of poor sports book margins on Coral.co.uk and continued investment to support the ongoing growth of the businesses, with marketing up £5.7 million and operating costs up £4.2 million.

OVERVIEW OF THE QUARTER BY DIVISION (continued)

Gala Retail – Quarter 4

	12 weeks ended 28 September 2013	Adj 12 weeks 2012{3}	Year on Year variance	13 weeks ended 29 September 2012
KPIs {1}				
Admissions ('000)	3,371	3,666	(8%)	3,957
Spend per head (£)	34.54	34.49	(0%)	34.59
P&L{2}				
Net income	65.6	67.7	(3%)	73.3
Total gross profit	44.9	50.3	(11%)	54.2
Operating costs {4}	(31.3)	(30.7)	(2%)	(32.5)
Rent (including Propco rent)	(9.3)	(9.2)	(1%)	(9.8)
EBITDA {5}	**4.3**	**10.4**	**(59%)**	**11.9**

{1} KPIs are stated on a like for like basis due to the number of closures year on year
{2} P&L results are for the total estate
{3} The FY12 comparatives have been restated to exclude the impact of week 53 to aid comparability
{4} FY12 and FY13 operating costs have been restated to include costs that were previously managed centrally (including bonus costs). Operating costs also include sub-let rental income
{5} EBITDA is stated pre-exceptional items

Note: All year on year variances are stated against FY12 excluding week 53 to aid comparability.

EBITDA (pre-exceptionals) of £4.3 million was £6.1 million or 59% behind last year.

Admissions trends had improved during Q3 following a difficult start to the year. However, the abnormally hot weather through July and August hit Q4 admissions which were down 8%, in line with the full year performance.

Operating costs (excluding rent) in the quarter were £0.6 million or 2% higher than the prior year.

Group

Turnover for the quarter for the continuing Group was 6% ahead excluding the impact of week 53 in 2012. Including week 53 turnover was 2% behind.

EBITDA (pre-exceptionals) from continuing operations was £16.7 million down on the prior year as a result of the hot weather impact on football and poor sports results.

A depreciation charge (including trading potential write down) of £24.2 million (2012: £19.1 million) and an amortisation charge of £4.9 million (2012: £2.9 million) were incurred in the quarter.

The loss on disposal of fixed assets of £0.4 million in the quarter (2012: profit of £2.7 million).

In the quarter a provision of £3.5 million has been made for the loss on disposal of the remaining 4 UK casinos which are to be sold post year end.

Following the UK Court of Appeal's recent ruling in favour of HMRC, on fiscal neutrality of VAT on gaming machines, a charge of £59.1 million has been recognised by the Group. The directors remain confident that the case will ultimately find in favour of the gaming operators, however based on the most recent ruling, they believe it prudent to adequately provide for the potential exposure at this stage.

Loss before interest and tax was £61.6 million in the fourth quarter of 2013 (2012: profit of £37.6 million).

OVERVIEW OF THE QUARTER (continued)

Interest payable has decreased from £56.4 million in the fourth quarter of 2012 to £53.5 million in the fourth quarter of 2013, primarily reflecting the additional loan repayments made in the previous quarter of £113.1 million to the Senior secured credit facilities, following the casino disposal and £5.8 million to the Gala Propco Three Limited loan on the sale of three freehold properties. Key elements of the interest charge include loan and bond interest of £29.6 million (2012: £33.5 million), of which £4.9 million (2012: £5.4 million) relates to the Gala Propco Three Limited loan, and non-cash interest on GCGL loan notes of £21.7 million (2012: £20.4 million). Interest payable also includes £2.2 million of costs (2012: £2.5 million) associated with the amortisation of debt issue costs and amortisation costs of interest rate cap premia, of which £0.2 million (2012: £0.3 million) relates to Gala Propco Three Limited.

Other finance costs in the quarter were £1.2 million (2012: £1.4 million) associated with the unwinding of discount on provisions and finance costs in relation to the pension scheme.

The overall result after taxation for the fourth quarter is a loss of £121.5 million, compared to a loss of £19.5 million in the same quarter in 2012.

Cash generated from operations in the quarter

During the quarter net cash inflow from operations was £73.2 million (2012: £71.2 million). This included exceptional cash payments of £4.1 million (2012: £10.5 million).

Of the cash inflows, £19.9 million (2012: £13.0 million) was reinvested in the Group to fund capital expenditure. In addition, the Group acquired a number of LBOs in the quarter for £1.5 million (2012: £8.4 million).

The Group received £0.4 million in net receipts (2012: £1.5 million) from the sale of tangible assets in the quarter.

In the quarter £15.7 million of cash outflows was utilised to meet interest and other financing costs (2012: £17.8 million) with a further £1.5 million (2012: £1.3 million) repaid on the Gala Propco Three Limited loan.

Total cash inflow for the quarter was £32.9 million (2012: £30.3 million).

CURRENT TRADING

Over the first seven weeks of the new financial year we have seen an improvement in trading in almost all areas of the business.

In Coral Retail, OTC staking levels are down 3%, in-line with the previous 52 weeks, but we have seen an improvement in margin at over 19%. Machines gross win is up 7% compared to 3% in the previous 52 weeks, as we continue to benefit from the mix change, with B2 declining and B3 growing strongly.

Eurobet Retail continues to show strong growth with sports stakes up 32% reflecting the rollout of the new licences.

We have seen significant growth across all our websites. Coral.co.uk actives are up 132% with stakes 158% ahead reflecting the strength of our new site. Sports gross win margin has also improved to 7.4%. Eurobet.it has experienced a slight slowdown in active recruitment compared to the previous 52 weeks but is still growing at 20%, with staking levels up 26%. Galabingo.com and Galacasino.com have also seen strong growth in actives (up 30% and 168% respectively) with Galacasino benefiting from the site makeover in September.

Gala Retail has seen an improvement in admissions which is being driven primarily by the Price Smash initiative. Whilst we are still behind in the first seven weeks, the run rate shows a considerable improvement on last year and in the last three weeks admissions have been in year-on-year growth. Gross profit is still negative 5% but we anticipated a lag before this picks up.

FUTURE STRATEGY

Coral Retail

The Coral business will continue to focus on competitive pricing and developing innovative products for the key growth markets, in particular football. The range of bet-in-play opportunities available to customers will be expanded, supported by self-service betting terminals, which will also improve the range of other betting products and markets available.

2014 will benefit from the new infinity cabinets which were rolled out in 2013 as well as the new products including 'football jackpot'.

Estate development continues to be a focus for the business.

Eurobet Retail

The focus for Eurobet Retail is to open and establish the new licenses acquired in 2013 to increase market share and enhance the value of the multi-channel opportunities which exist with a larger estate.

Online

The focus for our Online division is an improvement in market share across all websites driven by new product development and effective targeted marketing. We also intend to further develop our BiP (Bet-in-Play) opportunities and mobile penetration.

Gala Retail

After a difficult year the focus for 2014 is out 'Price Smash' and 'Genesis' initiatives which are targeted at greater customer value in order to attract admissions. Management are also tightly managing costs and trialling a number of initiatives to improve the customer experience.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Group's strategy are subject to a number of risks. The occurrence of any one of which may adversely impact the management of the Group and the execution of its growth strategies.

The following are the principal risks and uncertainties facing the Group. The risks shown are not necessarily all those associated with the Group and are not listed in priority order.

AREA	RISK	MITIGATION
Legal/Compliance	A serious breach of gaming regulations and legislation may result in the loss of the Group's operator's licences.	- Appropriate policies, processes and controls are in place in order to minimise the risk of any legal/compliance failure or breach; - Staff are made aware of requirements and given appropriate training; - Legislative and regulatory developments in the main markets in which the Group operates are monitored and assessed so that the Group can adapt to any changes and minimise any impact.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

AREA	RISK	MITIGATION
Information Security	Data loss, unauthorised intrusion or theft of data could damage the Group's reputation and customer confidence.	- Policies have been introduced including mandatory security awareness training; - The Group has invested in industry-leading data monitoring tools and a Group-wide data backup solution; - Regular PCI audits and system penetration tests are undertaken.
Fraud	Significant loss from staff or customer fraud	- Experienced audit and security staff monitor trading outlets for any unusual payments or betting/gaming activity; - Controls and processes are in place to assist in preventing loss and theft.
Employee Safety	Serious injury or death of an employee as a result of robbery or other violent incident.	- The Group has undertaken the Exposure to Violence, Aggression and Conflict risk assessments and has implemented a programme of action in order to reduce the risk of violence to staff as far as possible.
Fire/Disaster	The Group could experience loss arising from fire or other major disaster.	- Fire and health and safety risk assessments are undertaken and any necessary resulting action is implemented to reduce the risk of a fire/incident; - Property and business interruption insurance is purchased annually.
Business Continuity/Disaster Recovery	Risk of serious systems failure impairing the operation and efficiency of one or more areas of the business	- An enhanced business continuity plan is being developed around the Group's new data centre. Key production services are being migrated to the data centre. This will reduce vulnerability and further increase resilience.
Gaming Risk	With the exception of Gala Retail, due to its pari-mutuel nature, the Group's products are exposed to a varying degree of risk whereby betting outcomes can go against the Group's interests.	- There are clear pricing policies across the LBO estate which limit the maximum amounts which can be staked on individual casino table games or sporting events respectively; - The trading risk within the LBO estate is pro-actively monitored and managed by a dedicated and experienced trading team.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

FINANCIAL RISK MANAGEMENT

The Group's financial risk management programme recognises the endemic unpredictability and volatility of financial markets and therefore seeks to appropriately minimise the potential risks and exposures to the Group. The Group's funding, liquidity and financial exposures with respect to interest rate and foreign exchange risk are managed by the Group's treasury team and are subject to rigorous internal control procedures. All significant financing and hedging transactions are authorised by the Board of Directors of the parent company. The most important components of financial risk impacting the Group are interest rate risk, credit risk, liquidity risk and, to a lesser extent, foreign currency risk.

Interest Rate Risk

The Group's trading income and operating cash flows are not directly linked to changes in interest rates. The Group primarily finances its operations through a variety of borrowing instruments, including senior secured notes, senior notes and senior secured credit facilities; a ring-fenced property backed loan facility (Gala Propco Three Limited loan) and subordinated preferred equity certificates at the ultimate parent company which are on-lent to the Group in the form of loan notes (GCGL loan notes). The Group's borrowings are denominated in Sterling. The senior secured notes, the senior notes and the Gala Propco Three Limited loan bear a fixed rate of interest and the senior secured credit facilities a floating rate of interest. The Group utilises interest rate caps to manage its exposure to interest rate fluctuations and a proportion of its floating rate borrowings. At the year end approximately 87% of the Group's floating rate borrowings were hedged (2012: 90%).

Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full, when due. Surplus cash is invested in bank deposit accounts, money market deposits and 'AAA' rated money market funds. Counterparty risk exposures are minimised by dealing with only a limited range of financial institutions and in instruments which meet minimum credit rating criteria. Counterparty credit ratings are regularly monitored. Given the increased level of uncertainty within the financial system at the current time, counterparty exposure and analysis are a key priority within the Group's treasury management processes.

Liquidity Risk

Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. Cash forecasts identifying the liquidity requirements of the Group are produced regularly and are reviewed in detail to ensure that sufficient headroom exists for at least the forthcoming twelve month period. The Group maintains adequate borrowings which are long term with a range of maturity dates to mitigate the liquidity risk it may face.

Foreign Currency Risk

The Group has minimal exposure to foreign currency risk. The Group's functional currency is Sterling. All assets and liabilities are maintained in Sterling, with the exception of our operations in Italy and a number of foreign currency denominated bank accounts to facilitate the international operations of the Group's Online division.

The functional currency of the Italian business is the euro. The Group has reviewed the net exposure to foreign currency risk and has concluded that no hedging is considered necessary at the current time due to the low level of actual exposure. This policy remains subject to periodic review.

See note 23 for further information on financial instruments.

CAPITAL STRUCTURE

The Group is owned by a number of private equity funds, the following parties hold shareholdings of greater than 5% of the ordinary share capital:

- Apollo Global Management, LLC.
- Cerberus Capital Management, L.P.
- Park Square Capital, LLP.
- Anchorage Capital Partners.

GOING CONCERN

The directors have continued to review the Group's cash flow forecasts and trading budgets and after making appropriate enquiries, have formed the view that the Group is operationally and financially robust and will generate sufficient cash to meet its ongoing requirements for at least the next 12 months.

The Group's Gala Propco Three Limited loan is repayable in April 2014, accordingly the loan has been classified as payable within less than one year and this has resulted in a net current liability position for the Group. This funding is ring-fenced from the operating Group and therefore the maturity of this loan has no direct impact on the directors' assessment of going concern, despite the loan being due in less than one year, as the operating leases are subject to a separate agreements. Negotiations are ongoing with the Gala Propco Three Limited funding providers and the directors are committed to reaching a satisfactory resolution before the maturity of the loan.

SUPPLIER PAYMENT POLICY

The Group's standard supplier payment terms are 56 days from receipt of invoice. At 28 September 2013, trade creditors outstanding represented approximately 60 days purchases from suppliers (2012: 45 days purchases).

DISABLED EMPLOYEES

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that all employees be given equal opportunities in respect of training, career development and promotion.

EMPLOYEE INVOLVEMENT

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. There are widely established arrangements involving briefings, staff consultancy committees and the publication of newsletters.

It is Group policy that there shall be no discrimination in respect of age, sex, colour, religion, race, nationality or ethnic origin and that equal opportunity shall be given to all employees.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Charitable contributions in the year amounted to £0.8 million (2012: £0.8 million), of which £0.7 million was donated to the Responsible Gambling Trust (now replaced by The GREaT Foundation) (2012: £0.7 million), and the remaining donations were mainly to national charities and other industry-related charities. No political contributions were made (2012: £nil).

DIRECTORS

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

R W Templeman
C A Leaver
P Bowtell
A Hornby
C Attwood
D R Kornstein
G B C Hardy
W T Walsh

Further information on the biographies and other appointments of the directors are available on the Group website: www.galacoral.co.uk

DIRECTORS' INDEMNITIES AND INSURANCE

The Group maintains directors' and officers' liability insurance. All of the above named directors have received an indemnity to the extent permitted by law from the Company. Neither the indemnity nor the insurance provides cover in situations where a director has acted fraudulently or dishonestly.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

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

a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

b) each director has taken all the steps that they ought to have taken as a director in order to make them aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

H A Willits
Company Secretary

22 November 2013

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and parent Company 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 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements: and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

H A Willits
Company Secretary

22 November 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GALA CORAL GROUP LIMITED

We have audited the Group and parent company financial statements (the "financial statements") of Gala Coral Group Limited for the year ended 28 September 2013 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Reconciliation of Movement in Total Group Shareholders' (Deficit)/Funds, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Reconciliation of Group Net Cash Flow to Movement in Group Net Debt and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 22 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.

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

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 Group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and accounts to identify material inconsistencies with the audited financial statements. 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 Group's and the parent company's affairs as at 28 September 2013 and of the Group's loss and cash flows 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.

Opinion on other matter prescribed by the Companies Act 2006

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company 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.

Julian Jenkins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

22 November 2013

Gala Coral Group Limited
Group Profit and Loss Account
For the year ended 28 September 2013

	Notes	2013 £m	2012 £m
Turnover			
Continuing operations	2	1,099.7	1,058.9
Discontinued operations	2	84.6	130.6
		1,184.3	1,189.5
Cost of sales		(292.6)	(267.2)
Gross profit			
Continuing operations	2	822.0	818.8
Discontinued operations	2	69.7	103.5
		891.7	922.3
Administrative expenses		(812.9)	(807.0)
Operating profit before other operating income		78.8	115.3
Operating profit before other operating income, analysed as:			
Before exceptional items		151.7	189.5
Impairments	7	(6.0)	(2.1)
Casino disposal	7	-	(4.6)
FRS 20 'Share Based Payment' charge and related costs	7	(14.9)	(51.6)
Other restructuring costs and VAT rebates	7	(10.0)	(13.6)
Release/(creation) of onerous lease provisions	7	17.1	(2.3)
Gaming machine VAT claim	7	(59.1)	-
Operating profit before other operating income		78.8	115.3
Other operating income	4	3.1	3.5
Operating profit	4		
Continuing operations	2	75.5	114.8
Discontinued operations	2	6.4	4.0
		81.9	118.8
Profit/(loss) on disposal of fixed assets	7	8.9	(2.8)
Loss on disposal of subsidiary	7	(59.7)	-
Provision for loss on disposal of subsidiary	7	(3.5)	-
Profit before interest and tax		27.6	116.0
Interest receivable and similar income	9(a)	7.7	0.6
Interest payable and similar charges	9(a)	(235.2)	(229.9)
Other finance costs	9(b)	(5.6)	(5.7)
Loss on ordinary activities before tax		(205.5)	(119.0)
Tax on loss on ordinary activities	10	(13.2)	(4.2)
Loss for the financial year	27	**(218.7)**	**(123.2)**

There are no material differences between the loss on ordinary activities before tax and the loss for the financial year and their historical cost equivalents.

Group Statement of Total Recognised Gains and Losses

	Notes	2013 £m	2012 £m
Loss for the financial year		(218.7)	(123.2)
Surplus on revaluation of investment properties	27	17.4	-
Net foreign exchange adjustments offset in reserves	27	0.2	(3.5)
Actuarial loss and restriction on recognition of pension assets	31	(38.7)	(4.1)
Deferred tax credit relating to pension scheme	25	7.2	0.5
Impact of change in tax rate	25	1.2	0.9
Current tax credit relating to pension scheme		0.6	0.5
Total recognised gains and (losses) for the year		**(230.8)**	**(128.9)**

Reconciliation of Movement in Total Group Shareholders' (Deficit)/Funds

		2013 £m	2012 £m
Total recognised gains and (losses) for the year		(230.8)	(128.9)
FRS 20 'Share Based Payment' charge	32	14.1	51.6
Opening shareholders' funds		165.1	242.4
Closing shareholders' (deficit)/funds		**(51.6)**	**165.1**

Gala Coral Group Limited
Group Balance Sheet
As at 28 September 2013

	Notes	2013 £m	2012 £m
Fixed assets			
Intangible assets	11	406.6	513.8
Tangible assets	12	1,893.1	2,062.0
Investment properties	13	42.6	-
		2,342.3	2,575.8
Current assets			
Stocks	17	4.0	3.6
Debtors	18	42.0	69.8
Cash at bank and in hand		216.3	135.9
		262.3	209.3
Creditors: amounts falling due within one year	19	(523.6)	(204.7)
Net current (liabilities)/assets		(261.3)	4.6
Total assets less current liabilities		2,081.0	2,580.4
Creditors: amounts falling due after more than one year	20	(2,020.1)	(2,372.0)
Provisions for liabilities	25	(112.5)	(73.9)
Net (liabilities)/assets excluding net pension asset		(51.6)	134.5
Net pension asset	31	-	30.6
Net (liabilities)/assets including net pension asset		**(51.6)**	**165.1**
Capital and reserves			
Called up share capital	26	213.3	213.3
Merger reserve	27	1.6	1.6
Capital contribution reserve	27	1,723.5	1,723.5
Revaluation reserve	27	17.4	-
Profit and loss account	27	(2,007.4)	(1,773.3)
Total shareholders' (deficit)/funds		**(51.6)**	**165.1**

The financial statements on pages 25 to 66 were approved by the Board of directors on 22 November 2013 and are signed on its behalf by:

P Bowtell
Director

Company Registered Number: 07254686

Gala Coral Group Limited
Company Balance Sheet
As at 28 September 2013

	Notes	2013 £m	2012 £m
Fixed assets			
Fixed asset investments	14	275.7	261.6
Current assets			
Debtors: amounts due after more than one year	18	720.2	626.0
Net current assets		720.2	626.0
Total assets		995.9	887.6
Creditors: amounts falling due after more than one year	20	(715.9)	(621.6)
Net assets		**280.0**	**266.0**
Capital and reserves			
Called up share capital	26	213.3	213.3
Profit and loss account	27	66.7	52.7
Total shareholders' funds		**280.0**	**266.0**

The financial statements on pages 25 to 66 were approved by the Board of Directors on 22 November 2013 and are signed on its behalf by:

P Bowtell
Director

Gala Coral Group Limited
Group Cash Flow Statement
For the year ended 28 September 2013

	Notes	2013 £m	2012 £m
Net cash inflow from operating activities	28(a)	235.1	244.7
Returns on investments and servicing of finance			
Interest received		7.7	0.6
Interest paid and similar charges		(130.1)	(136.3)
Purchase of new interest rate caps		-	(3.3)
Net cash outflow from returns on investments and servicing of finance		(122.4)	(139.0)
Taxation			
Overseas corporation tax paid		(2.2)	(0.7)
Capital expenditure and financial investment			
Payments to acquire intangible and tangible assets		(82.8)	(99.5)
Receipts from sales of tangible assets		14.5	1.7
Net cash outflow for capital expenditure and financial investment		(68.3)	(97.8)
Acquisitions and disposals			
Purchase of subsidiary undertakings/trade and assets		(5.2)	(8.4)
Cash acquired with subsidiary undertakings		-	0.1
Net proceeds on sale of subsidiary undertakings		172.5	-
Cash disposed with subsidiary undertakings		(4.5)	-
Net cash inflow/(outflow) from acquisitions		162.8	(8.3)
Net cash inflow/(outflow) before financing		205.0	(1.1)
Financing			
Repayment of Senior secured credit facilities		(113.1)	-
Repayment of the Gala Propco Three Limited loan		(11.5)	(4.7)
Net cash outflow from financing		(124.6)	(4.7)
Increase/(decrease) in cash	28(b)	**80.4**	**(5.8)**

Gala Coral Group Limited
Reconciliation of Group Net Cash Flow to Movement in Group Net Debt
For the year ended 28 September 2013

	Notes	2013 £m	2012 £m
Increase/(decrease) in cash	28(b)	80.4	(5.8)
Net repayment of long-term loans	28(b)	124.6	4.7
Change in net debt resulting from cash flows		205.0	(1.1)
Other non-cash movements	28(b)	(103.7)	(91.1)
Movement in net debt		101.3	(92.2)
Opening net debt	28(b)	(2,241.2)	(2,149.0)
Closing net debt	28(b)	**(2,139.9)**	**(2,241.2)**

1. Accounting Policies

Basis of Preparation

The financial statements are prepared on a going concern basis under the historical cost convention, the accounting policies set out below, and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006, except as regards the specific provisions of the Act relating to the amortisation of goodwill as explained below. The accounting policies have been consistently applied to both of the years presented in these financial statements.

The Group prepares its financial statements to the last Saturday in September. As a result of this the Group benefits from an additional 53rd week of trading in certain years (last 53 week year was 2012). This resulted in a 13 week final quarter in 2012 as opposed to the typical 12 week quarter.

The Group has utilised the exemption from disclosing intra-Group transactions which is offered by FRS 8 "Related Party Transactions".

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company balances, transactions and unrealised gains and losses on transactions between Group companies are eliminated on consolidation. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

No profit and loss account is presented for Gala Coral Group Limited as permitted by section 408 of the Companies Act 2006. The loss for the year of the Company was £0.1 million (2012: profit of £0.4 million).

Going Concern

The directors have continued to review the Group's cash flow forecasts and trading budgets and after making appropriate enquiries, have formed the view that the Group is operationally and financially robust and will generate sufficient cash to meet its ongoing requirements for at least the next 12 months.

The Group's Gala Propco Three Limited loan is repayable in April 2014, accordingly the loan has been classified as payable within less than one year and this has resulted in a net current liability position for the Group. This funding is ring-fenced from the operating Group and therefore the maturity of this loan has no direct impact on the directors' assessment of going concern, despite the loan being due in less than one year, as the operating leases are subject to a separate agreements. Negotiations are ongoing with the Gala Propco Three Limited funding providers and the directors are committed to reaching a satisfactory resolution before the maturity of the loan.

Turnover

Turnover results from the operation of bookmakers ("LBO's"), bingo clubs, online gaming and casinos and is stated as net win, which is calculated as bets placed less amounts won by customers. Turnover is stated net of any VAT, but before the deduction of gaming duty. Turnover from the sale of food and beverages is recorded net of VAT. Gala Retail turnover is stated net of customer contribution to prizes but gross of company contributed prizes which are disclosed within cost of sales.

The Group operates betting establishments in Italy via franchise partners. Under the terms of the franchise agreements, the Group bears the risks and rewards of the operations and therefore the Group acts as principal. As a result, the Group recognises the full net win generated from these operations in turnover.

Turnover is shown net of the cost of loyalty scheme points issued and redeemed. In respect of the Fortune loyalty scheme in the Gala Casino business, as points were issued to customers, the retail value of those points expected to be redeemed was deferred. When the points were used by customers the retail value was recorded as turnover.

Income from open betting positions is held in deferred income in creditors until the event has occurred.

1. Accounting Policies (continued)

Cost of Sales

Cost of sales primarily comprises the costs of gaming duties and any company contribution to prizes offered within Gala Retail. Cost of sales also includes the revenue share payments to franchisees and machine rental costs.

Exceptional Items

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

Goodwill

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

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

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

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

The non-amortisation of this goodwill constitutes a departure from the Companies Act 2006 404(5), for the purpose of giving a true and fair view of the Group's results for the reasons outlined above. If goodwill arising on these acquisitions had been amortised over a 20-year period, the operating profit would have decreased by £4.6 million for the year ended 28 September 2013 (2012: decrease of £12.0 million). Cumulatively goodwill would have been amortised by £1,066.1 million (2012: £1,048.6 million).

Trademarks

The Group capitalises trademarks at their fair value on acquisition. The Coral Retail trademarks are not amortised as their useful life has been assessed as indefinite. An indefinite useful life has been chosen for the same reasons as detailed in the accounting policy for goodwill. If the Coral Retail trademarks had been amortised over a 20-year period, the operating profit would have decreased by £8.3 million for the year ended 28 September 2013 (2012: £8.3 million). Cumulatively, trademarks would have been amortised by £66.4 million (2012: £58.1 million).

Licences

The Group capitalises Italian gaming licences at cost which are amortised over their initial term which is up to nine years.

1. Accounting Policies (continued)

Tangible Assets and Depreciation

Tangible assets are stated at historic purchase cost less accumulated depreciation.

For buildings that have been purchased as part of a business acquisition, the initial carrying value includes the trading potential of the properties, which reflects the benefit of the gaming licences attached to trading properties. Subsequent additions to tangible assets are stated at cost. Depreciation is provided on all tangible assets, with the exception of freehold land and trading potential, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	–	50 years
Leasehold land and buildings	–	shorter of 50 years and term of lease
Fixtures, fittings and office equipment	–	over three to ten years
Computer hardware and software	–	over three to ten years
Vehicles	–	over three to five years

The residual values of buildings are estimated on the following basis, having regard to the construction type and salvage values:

Listed buildings	–	80%
Buildings of traditional construction	–	50%
Steel framed buildings	–	0%

Investment Properties

Investment properties are accounted for in accordance with SSAP 19 (revised). Investment properties are revalued annually, on an open market basis by a RICS (Royal Institute of Chartered Surveyors), qualified Chartered Surveyor and the surplus or deficit arising is transferred to a revaluation reserve unless the deficit is expected to be permanent, in which case it is charged to the profit and loss account. No depreciation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years unexpired.

Although the Companies Act 2006 would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not showing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or qualified.

Impairment Reviews

Tangible assets: The need for any fixed-asset impairment provision is assessed by comparison of the carrying value of an income-generating unit, which normally comprises bingo clubs, casinos or LBOs which operate together as a division, against the higher of the net realisable value or value in use. In addition, sites or Groups of sites are considered separately where there have been exceptional circumstances impacting on their profitability that may indicate a material incremental impairment at that level.

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

Intangible assets: The need for any intangible asset impairment provision is assessed by comparison of the carrying value of the intangible assets with their value in use. The value in use is determined from the estimated discounted future cash flows.

1. Accounting Policies (continued)

Impairment Reviews (continued)

For both tangible and intangible assets the future cash flows are based on the forecasts and budgets of the income-generating unit or business. The key assumptions within the budgets for the Gala Retail segment are the admissions levels, spend or drop per head, win percentage, wage increases and the fixed costs of the bingo club or casino. The key assumptions within the budgets for the Coral Retail and Eurobet Retail segments are the average number of machines per shop, gross win per shop per week, wage increases and the fixed costs of the licensed betting offices. The key assumptions within the budgets for the Online segment are the number of active customers, turnover per head, win percentage, revenue shares and operating costs.

Where goodwill has historically been allocated to a segment on acquisition, impairments are made firstly against goodwill, then to any capitalised intangible asset and then to tangible assets on a pro rata or more appropriate basis (which typically involves impairing any trading potential value included within properties).

Where more than one segment was acquired through a single investment and goodwill arising was not allocated between the businesses, the value in use is first compared with the carrying value of the net assets (excluding goodwill) of each segment, with any impairment made firstly against capitalised intangible assets and then tangible assets of the segment.

A secondary assessment is then made to compare the carrying values of all the segments acquired through a single investment against the value in use with any additional impairment then made against goodwill.

Fixed asset investments
Fixed asset investments are stated at cost less any necessary provision against their carrying value for diminution in value.

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

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

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

- deferred tax assets are recognised only to the extent that the directors consider it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Leasing Commitments
Rentals paid under operating leases are charged to income on a straight line basis up to the date of the next rental review. Rentals receivable under operating leases are recognised in the profit and loss account within other operating income when earned.

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

1. Accounting Policies (continued)

Property Provisions

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

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

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

Pensions

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

For the defined benefit pension scheme, the Group has adopted the provisions of FRS 17 amended "Retirement Benefits" in that the amounts charged to operating profit are the current service costs. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount within other finance costs. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses. The net pension scheme surplus recognised is restricted to the present value of the future expected pension contributions.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations are obtained every three years and are updated at each balance sheet date.

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

Share based payments

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

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

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

At the end of each reporting period, the Group revises its estimates over the number of instruments which are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement with a corresponding adjustment to equity.

1. Accounting Policies (continued)

Share based payments (continued)
The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase in subsidiary undertakings with a corresponding credit in equity in the parents accounts.

Financial Instruments
The Group uses financial instruments to hedge the risk associated with interest rates. Interest differentials on financial instruments are recognised by adjusting net interest payable in the period on an accruals basis. Realised gains or losses on the hedges are recognised in the period to which they relate.

Borrowings are carried at their issue proceeds net of finance costs (and in respect of the senior notes, also the discount to nominal value) less amounts repaid. Finance costs and discount are amortised over the life of the related borrowing.

Interest rate cap premia are carried at cost and are amortised over the life of the cap.

Foreign Currencies
Transactions denominated in foreign currencies are translated into Sterling at the prevailing rate of exchange on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at period end rates of exchange. Exchange differences are taken to the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to reserves.

Where the Group hedges net investments in foreign operations through currency borrowings the gains or losses on the translation of the borrowings are recognised in reserves.

2. Discontinued Operations

On 12 May 2013 the Group sold Gala Casino 1 Limited, a wholly owned subsidiary, for a consideration of £179.0 million plus adjustments for certain working capital movements. Gala Casino 1 Limited operated 19 of the Group's 24 UK casinos. The disposal has been treated as a discontinued operation in the profit and loss account.

The Group also exchanged contracts to sell its remaining 4 UK casinos on 31 August 2013, accordingly these have also been treated as discontinued operations.

2. Discontinued Operations

	2013			2012		
	Continuing operations £m	Discontinued operations £m	Total Group £m	Continuing operations £m	Discontinued operations £m	Total Group £m
Turnover	1,099.7	84.6	1,184.3	1,058.9	130.6	1,189.5
Cost of sales	(277.7)	(14.9)	(292.6)	(240.1)	(27.1)	(267.2)
Gross profit	822.0	69.7	891.7	818.8	103.5	922.3
Administrative expenses	(749.5)	(63.4)	(812.9)	(707.3)	(99.7)	(807.0)
Operating profit before other operating income	72.5	6.3	78.8	111.5	3.8	115.3
Other operating income	3.0	0.1	3.1	3.3	0.2	3.5
Operating profit	**75.5**	**6.4**	**81.9**	**114.8**	**4.0**	**118.8**

The discontinued operations note has been prepared on a consistent basis with the restated segmental analysis in note 3. The exceptional costs of disposal in 2012 have also been allocated to the discontinued operations.

3. Segmental Analysis

The Group operates six segments – Coral Retail, Eurobet Retail, Online, Gala Retail, Gala Casino and Corporate. The Online segment operates online sports betting, bingo, casinos and other gaming products. The Eurobet Retail segment comprises betting shops in Italy.

The segmental disclosure has been restated from the prior year to reflect more appropriately the revenue streams of each business and the way management assess the performance of the Group. The 2012 comparatives have been restated to present the segmental information on a consistent basis.

The revenue of Coral Retail and Gala Retail arises solely within the United Kingdom. The revenue of the Eurobet Retail segment arises solely in Italy. The Gala Casino revenue arises in the United Kingdom and Gibraltar. The revenue of the Online segment arises in the UK and Europe. Its customers are primarily located in the United Kingdom and mainland Europe. Due to the nature of the Online segment, it is not possible to split the net assets by geographical category.

The prior year divisional EBITDA (pre-exceptionals) has been restated to include an element of costs which were previously identified as Corporate costs ("decentralised costs" including Gala Propco Three Limited rent). This restatement has been made to reflect appropriately the cost base of the current organisational structure and the way the business is managed. The current and prior year allocation of costs and bonus provision has been undertaken on a consistent basis.

3. Segmental Analysis (continued)

Turnover, Group operating profit and net assets are analysed as follows:

2013

	Coral Retail £m	Eurobet Retail £m	Online £m	Gala Retail £m	Gala Casino £m	Corporate £m	Group £m
Amounts staked	10,858.7	277.2	3,077.0	552.8	407.7	-	15,173.4
Turnover	636.4	40.4	123.6	291.3	92.6	-	1,184.3
Gross profit	501.0	15.5	94.3	204.6	76.3	-	891.7
Other admin expenses	(352.5)	(6.1)	(69.0)	(179.4)	(63.3)	(2.7)	(673.0)
'Opco' EBITDA (pre-exceptionals)	148.5	9.4	25.3	25.2	13.0	(2.7)	218.7
Propco rent	-	-	-	23.7	2.6	1.4	27.7
Group EBITDA (pre-exceptionals)	148.5	9.4	25.3	48.9	15.6	(1.3)	246.4
Depreciation and amortisation	(28.5)	(7.6)	(9.2)	(24.0)	(5.2)	(17.1)	(91.6)
Operating profit before exceptional items	120.0	1.8	16.1	24.9	10.4	(18.4)	154.8
Exceptional items							(72.9)
Group operating profit							**81.9**

The Group operates an 'Opco-Propco' structure with rentals charged between Group companies for properties which act as security under the Gala Propco Three Limited loan. These rentals are described below have been charged to the relevant divisions in the segmental analysis.

The amortisation of goodwill on the Online division has been charged to Corporate costs.

£1.4 million Propco rent receivable in Corporate relates to rent received from The Rank Group Plc.

3. Segmental Analysis (continued)

2012

	Coral Retail £m	Eurobet Retail £m	Online £m	Gala Retail £m	Gala Casino £m	Corporate £m	Group £m
Amounts staked	11,319.0	269.4	2,188.7	627.9	638.2	-	15,043.2
Turnover	608.0	37.5	95.4	308.7	139.9	-	1,189.5
Gross profit	503.6	13.7	70.7	223.3	111.0	-	922.3
Other admin expenses	(339.7)	(5.2)	(41.7)	(183.5)	(92.0)	(7.6)	(669.7)
'Opco' EBITDA (pre-exceptionals)	163.9	8.5	29.0	39.8	19.0	(7.6)	252.6
Propco rent	-	-	-	23.7	3.9	-	27.6
Group EBITDA (pre-exceptionals)	163.9	8.5	29.0	63.5	22.9	(7.6)	280.2
Depreciation and amortisation	(25.5)	(6.2)	(9.1)	(20.0)	(8.4)	(18.0)	(87.2)
Operating profit before exceptional items	138.4	2.3	19.9	43.5	14.5	(25.6)	193.0
Exceptional items							(74.2)
Group operating profit							**118.8**

Geographical Area

	2013 £m	2012 £m
Turnover by origin		
United Kingdom	1,107.8	1,118.2
Europe	76.5	71.3
	1,184.3	**1,189.5**

The 2012 gross profit numbers have been adjusted to consistently present certain operating costs. As such cost of sales has increased by £1.3 million and administrative costs have decreased by £1.3 million. There is no effect on operating profit.

The amortisation of goodwill on the Online division has been charged to Corporate costs.

3. Segmental Analysis (continued)

Net Assets by Segment

	2013 £m	2012 £m
Coral Retail	1,445.8	1,453.7
Eurobet Retail	40.6	28.9
Online	35.7	36.6
Gala Retail	348.5	371.2
Gala Casino	11.4	137.3
	1,882.0	2,027.7
Non-operational net liabilities	(1,933.6)	(1,862.6)
Total net (liabilities)/assets	**(51.6)**	**165.1**

Net Assets by Geographical Area

	2013 £m	2012 £m
UK	1,799.3	1,967.4
Europe	82.7	60.3
	1,882.0	2,027.7
Non-operational net liabilities	(1,933.6)	(1,862.6)
Total net (liabilities)/assets	**(51.6)**	**165.1**

Non-operational net liabilities comprise goodwill, certain accruals and prepayments, net debt and taxation.

4. Operating Profit

This is stated after charging:

	2013 £m	2012 £m
Depreciation of owned assets:		
Coral Retail	28.5	25.5
Eurobet Retail	2.2	1.6
Online	9.2	9.1
Gala Retail	24.0	20.0
Gala Casino	5.2	8.4
Propco	4.2	5.1
Total depreciation	73.3	69.7
Amortisation	18.3	17.5
Impairment:		
Write off of trading potential on closed clubs	6.0	2.1
Operating lease rentals:		
Land and buildings	62.0	62.6
Plant and machinery	10.1	10.3

Amortisation includes a charge of £12.9 million (2012: £12.9 million) in respect of Online goodwill and a charge of £5.4 million (2012: £4.6 million) on Italian licences.

Other operating income comprises property rents receivable of £3.1 million (2012: £3.5 million).

During the year the Gala Retail and Gala Casino charged rent payable of £23.7 million (2012: £23.7 million) and £2.6 million (2012: £3.9 million) respectively in relation to operating lease rentals from Gala Propco Three Limited. These amounts eliminate on consolidation within the Group accounts. In addition, Gala Propco Three Limited received rent of £1.4 million (2012: £nil) from The Rank Group Plc in respect of the rent on the disposed casinos.

5. Auditors Remuneration

Services Provided by the Group's Auditors

During the year the Group obtained the following services from the Group's auditors PricewaterhouseCoopers LLP and network firms as detailed below:

	2013 £m	2012 £m
Audit services		
Fees payable for the audit of the Company and Group accounts	0.1	0.1
Other services		
Fees payable for the audit of the Company's subsidiaries	0.3	0.3
Other non-audit services	0.1	0.1
	0.5	**0.5**

6. Directors' Remuneration

	2013 £m	2012 £m
Aggregate emoluments	2.2	4.1
Compensation for loss of office	-	1.0
Company contributions to private pension schemes	0.2	0.2
	2.4	**5.3**

No directors (2012: none) accrue benefits under the Group's defined benefit pension scheme.

Emoluments of the highest paid director are as follows:

	2013 £m	2012 £m
Aggregate emoluments (excluding pension contributions)	0.6	1.5
Company contributions to private pension schemes	0.1	0.1
	0.7	1.6

No director exercised any share options during the year (2012: none).

Retirement benefits are accruing to three directors under the Group's money purchase scheme (2012: one).

No emoluments were paid to directors for services to the Company (2012: £nil).

7. Exceptional Items

Exceptional Items Charged/(Credited) to Operating Profit

	Notes	2013 £m	2012 £m
Impairments	a)	6.0	2.1
Casino disposal	b)	-	4.6
FRS 20 'Share Based Payment' charge and related costs	c)	14.9	51.6
Other restructuring costs and VAT rebates	d)	10.0	13.6
(Release)/creation of onerous lease provisions	25	(17.1)	2.3
Gaming machine VAT claim	e)	59.1	-
Total charged to administrative expenses within operating profit		**72.9**	**74.2**

No tax credit (2012: £nil) has been claimed in relation to the exceptional charge as the Group is loss making.

a) Impairments reflect the write down of tangible assets on the closure of bingo clubs and casinos of £6.0 million (2012: £2.1 million).

b) Represents costs associated with the disposal of our Casino division in FY12. The current year costs have been included in the loss on disposal.

7. Exceptional Items (continued)

c) Represents the FRS 20 'Share Based Payment' charge and related costs detailed further in note 32. The FRS 20 'Share Based Payment' charge is an accounting charge only and does not represent a cash commitment on the UK Group or any of its subsidiaries, either now or in the future. The ultimate cash obligation lies with the Group's parent company, GCG Manager S.A Luxco S.C.A and only in an exit event. This charge has increased over that disclosed in the 2012 financial statements following a number of new joiners to the scheme as well as the acceleration of charges for those leaving the scheme.

d) The main items relate to the costs associated with the corporate simplification project (£10.9 million), the restructuring of our UK retail operations (£3.8 million) and VAT refunds associated with successful 'Conde Nast' claims (£6.0 million).

e) Following the UK Court of Appeal's recent ruling in favour of HMRC on fiscal neutrality of VAT on gaming machines, a charge of £59.1 million has been recognised by the Group. The directors remain confident that the case will ultimately find in favour of the gaming operators, however based on the most recent ruling, they believe it appropriate to provide adequately for the potential exposure at this stage. (See note 30).

Exceptional Items Charged/(Credited) after Operating Profit

1) Profit/(Loss) on Disposal of Fixed Assets

The profit on disposal of £8.9 million in the year (2012: loss of £2.8 million) includes the profit on disposal of freehold properties (of which £2.1 million relates to three disposals in Gala Propco Three Limited) and a licence in the Gala Casino division.

2) Loss on Disposal of Subsidiary

On 12 May 2013 the Group completed the sale of 19 of its UK casinos to The Rank Group Plc for total proceeds of £179.0 million plus adjustments for certain working capital movements. This has resulted in a loss on disposal of £59.7 million (see note 16). This loss reflects the under realisation of goodwill that has historically been carried against our Gala Casino division following the Group restructuring in 2003. This loss is a non-cash charge and only arises at a consolidated Group level. It does not affect the standalone statutory entities nor have a detrimental effect on financial covenants.

3) Provision for Loss on Disposal of Subsidiary (see note 25)

A £3.5 million provision has been made for the loss on disposal of the remaining 4 UK casinos. As with the loss on disposal with The Rank Group Plc, this loss reflects the under realisation of goodwill that arose in the 2003 restructuring. This loss does not have a detrimental effect on financial covenants.

4) Exceptional Interest (see note 9)

Exceptional interest receivable in the year of £6.0 million (2012: £nil) relates to interest receivable from HMRC on 'Condé Nast' claims.

On 14 May 2013 the Group wrote off £2.1 million of issue costs on the repayment of £113.1 million of the Senior secured credit facilities following the receipt of £179.0 million from The Rank Group Plc on the completion of the sale of 19 of its UK casinos.

During the year the Group paid £0.4 million (2012: £nil) of break fees on Gala Propco Three Limited loan repayments following the disposal of certain properties in Gala Propco Three Limited.

During the prior year the Group terminated certain existing interest rate caps and purchased some new interest rate caps. The terminations resulted in an exceptional interest expense of £1.4 million due to the write off of unamortised premia for the interest rate caps.

8. Staff Costs (including Directors)

	2013 £m	2012 £m
Wages and salaries (including redundancies)	286.9	311.2
Social security costs	21.5	24.6
Other pension costs	7.0	7.1
FRS 20 'Share Based Payment' charge	14.1	51.6
	329.5	**394.5**

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

	2013 Number	2012 Number
Coral Retail	10,860	10,849
Gala Retail	4,229	4,801
Gala Casino	1,901	2,776
Online	320	276
Eurobet Retail	115	98
Support staff	353	374
	17,778	**19,174**

All employees of Coral Retail, Gala Retail and Gala Casino, along with support staff are predominately based in the United Kingdom. The employees of the Eurobet Retail division are primarily based in Italy. A number of Gala Casino employees and associated support staff are based elsewhere in Europe. The majority of employees of our Online business are based outside the United Kingdom.

The Company did not have any employees during the year (2012: none) and incurred £nil (2012: £nil) employee costs.

9. Interest

a) Interest

	2013 £m	2012 £m
Loan interest and similar charges	(108.5)	(114.1)
Gala Propco Three Limited loan interest	(21.2)	(22.1)
GCGL loan note interest	(93.3)	(82.4)
Amortisation of debt issue costs and senior notes discount	(8.3)	(8.7)
Amortisation of interest rate cap premia	(1.4)	(1.2)
	(232.7)	**(228.5)**
Exceptional interest payable:		
Break fees on the Gala Propco Three Limited loan (note 7)	(0.4)	-
Write off of debt issue costs on repayment of other loans (note 7)	(2.1)	-
Early termination of interest rate hedging arrangements (note 7)	-	(1.4)
	(2.5)	**(1.4)**
Interest payable and similar charges	**(235.2)**	**(229.9)**
Interest on deposits and money market funds	0.7	0.6
Other interest receivable	1.0	-
Exceptional interest receivable (note 7)	6.0	-
Interest receivable and similar income	**7.7**	**0.6**
Net interest payable	**(227.5)**	**(229.3)**

Loan interest payable and similar charges include amounts payable on the senior secured credit facilities, senior secured notes and senior notes. Actual amounts paid in the year in relation to the Gala Propco Three Limited loan amounted to £21.4 million (2012: £21.8 million).

In the year interest receivable on the Gala Propco Three Limited cash balance was £nil (2012: £0.1 million) and amortisation of debt issue costs included above of £0.7 million (2012: £0.9 million).

On 16 April 2012 the Group purchased £450.0 million (£450.0 million to Q1 FY14, £400.0 million to Q1 FY15 and £350.0 million to Q4 FY15) of interest rate caps at a strike rate of 1.25% and paid premia totalling £3.3 million).

b) Other Finance Costs

	2013 £m	2012 £m
Unwinding of discount in provisions (note 25)	2.0	3.5
Other finance costs in relation to the pension scheme (note 31)	3.6	2.2
Other finance costs	**5.6**	**5.7**

10. Tax on Loss on Ordinary Activities

a) The Taxation Charge is made up as follows:

	2013 £m	2012 £m
Current tax		
UK Corporation tax at 23.5% (2012: 25%)	0.6	0.5
Overseas corporation tax – current year	3.4	0.9
Overseas corporation tax – prior year	1.2	-
Total current tax	5.2	1.4
Deferred taxation:		
Origination and reversal of timing differences		
UK	7.2	0.5
Overseas	(0.4)	1.5
Impact of change in tax rate	1.2	0.8
Total deferred tax (note 25)	8.0	2.8
Tax charge on loss on ordinary activities	**13.2**	**4.2**

b) Factors affecting Current Tax Charge

The tax for the year is higher (2012: higher) than the average standard rate of corporation tax in the UK for the year ended 28 September 2013 of 23.5% (2012: 25%). The differences are reconciled below:

	2013 £m	2012 £m
Loss on ordinary activities before tax	(205.5)	(119.0)
Loss on ordinary activities multiplied by the average standard rate of corporation tax in the UK for the period of 23.5% (2012: 25%)	(48.3)	(29.8)
Expenses not deductible for tax purposes	30.4	29.3
Capital allowances less than depreciation	11.5	3.2
Current year tax losses	8.3	-
Other timing differences	(0.5)	(0.7)
Difference in overseas tax rate	2.6	(0.6)
Prior year charge	1.2	-
Current tax charge for the year	5.2	1.4
Deferred tax movement in year	8.0	2.8
Tax charge on loss on ordinary activities	**13.2**	**4.2**

Expenses not deductible for tax purposes includes £7.6 million (2012: £8.6 million) depreciation and amortisation on assets that do not qualify for tax relief, £11.6 million (2012: £0.6 million) loss on disposal of Casinos and fixed assets, £3.5 million (2012:£12.9 million) FRS 20 Share based payment charge and £6.0 million (2012: £3.7 million) non-deductible interest on GCGL loan notes.

10. Tax on Loss on Ordinary Activities (continued)

c) Tax on Recognised Gains and Losses not included in the Profit and Loss Account

	2013 £m	2012 £m
Tax (credit)/charge relating to pension scheme recognised in the Group Statement of Total Recognised Gains and Losses	9.0	1.9

d) Factors that may affect future Taxation

As at 28 September 2013, the Group has an unrecognised deferred tax asset of £112.7 million (2012: £92.2 million) (see note 25).

Legislation to reduce the main stream rate of corporation tax from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015 was included in the Finance Act 2013 and both rates had been substantively enacted by the balance sheet date. The recognised and unrecognised element of the deferred tax asset has therefore been disclosed at 20% as it is expected the asset will reverse after 1 April 2015.

No provision has been made for deferred tax on the gain recognised on revaluing properties to fair values on acquisition or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the properties were sold without it being possible to claim rollover relief. The total amount unprovided for is £136.0 million (2012: £202.8 million). At present it is not envisaged that any such tax will become payable in the foreseeable future.

11. Intangible Assets

Group

	Italian Licences £m	Goodwill £m	Trademarks £m	Total £m
Cost:				
At 29 September 2012	34.3	1,379.4	166.0	1,579.7
Additions	16.7	-	-	16.7
Disposals (note 16)	-	(110.1)	-	(110.1)
Exchange differences	1.9	-	-	1.9
At 28 September 2013	52.9	1,269.3	166.0	1,488.2
Amortisation:				
At 29 September 2012	24.2	1,041.7	-	1,065.9
Provided during the year	5.4	12.9	-	18.3
Disposals (note 16)	-	(3.7)	-	(3.7)
Exchange differences	1.1	-	-	1.1
At 28 September 2013	30.7	1,050.9	-	1,081.6
Net book value at 28 September 2013	**22.2**	**218.4**	**166.0**	**406.6**
Net book value at 29 September 2012	10.1	337.7	166.0	513.8

11. Intangible Assets (continued)

The impairment assessment for intangible and tangible assets was determined using cash flow projections that were taken from financial budgets approved by management covering a three year period. A key assumption within the cash flow projection is the future growth rate used to extrapolate cash flows after this three year period. The growth rate applied was 2.5% per annum (2012: 2.0% to 2.5%) and is consistent with historic long term average growth rates for the UK. The pre-tax discount rate applied ranged from 10.5% to 11.0% (2012: 11.0% to 11.5%). This is in line with quoted competitor companies.

12. Tangible Assets

Group

	Freehold Land and Buildings £m	Leasehold Land and Buildings £m	Fixtures, Fittings, Tools and Equipment £m	Total £m
Cost:				
At 29 September 2012	569.5	1,639.9	460.9	2,670.3
Additions	3.0	23.9	43.3	70.2
Exchange differences	-	-	0.7	0.7
Disposals	(2.9)	(144.9)	(43.7)	(191.5)
Transferred to Investment properties (note 13)	(24.8)	(12.6)	(16.9)	(54.3)
At 28 September 2013	544.8	1,506.3	444.3	2,495.4
Depreciation:				
At 29 September 2012	63.7	238.5	306.1	608.3
Provided during the year	10.0	6.2	57.1	73.3
Exchange differences	-	-	0.4	0.4
Closed club write down	-	6.0	-	6.0
Disposals	(0.6)	(21.3)	(34.7)	(56.6)
Transferred to Investment properties (note 13)	(3.6)	(8.7)	(16.8)	(29.1)
At 28 September 2013	69.5	220.7	312.1	602.3
Net book value at 28 September 2013	**475.3**	**1,285.6**	**132.2**	**1,893.1**
Net book value at 29 September 2012	505.8	1,401.4	154.8	2,062.0

A write down of tangible assets on the closure of bingo clubs and casinos of £6.0 million (2012: £2.1 million) was charged to exceptional administrative expenses during the year (see note 7).

12. Tangible Assets (continued)

The net book value of leasehold land and buildings comprises:

	2013 £m	2012 £m
Long leasehold	214.1	215.0
Short leasehold	1,071.5	1,186.4
	1,285.6	**1,401.4**

Included in freehold and leasehold land and buildings is land and trading potential at a value of £1,523.3 million (2012: £1,624.0 million) which is not depreciated.

13. Investment Properties

Group

	£m
Valuation:	
At 29 September 2012	-
Transfer from fixed assets	25.2
Revaluation in the year	17.4
At 28 September 2013	**42.6**

Following the sale of 19 of our UK casinos during the year, 7 of our Propco properties are now rented to The Rank Group Plc. Accordingly, these properties have been classified as investment properties and recorded at their fair value.

If investment properties had not been revalued they would have been included at the following amounts:

	2013 £m	2012 £m
Cost and net book value	25.2	-

14. Fixed Asset Investments

Company

	Subsidiary Undertakings £m
Cost at 29 September 2012	261.6
Capital contribution relating to FRS 20 'Share Based Payment'	14.1
Net book value at 28 September 2013	**275.7**

The capital contribution relating to the FRS 20 'Share Based Payment' relates to the share based payment charge detailed in note 32.

The following information relates to those subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affect the results or financial position of the Company (the "principal subsidiaries").

Name of Company	Nature of Business	Place of incorporation
Coral Racing Limited	Provision of leisure activities	Great Britain
Coral Stadia Limited	Provision of leisure activities	Great Britain
Gala Casinos Limited	Provision of leisure activities	Great Britain
Gala County Clubs Limited	Provision of leisure activities	Great Britain
Gala Leisure Limited	Provision of leisure activities	Great Britain
Gala Casinos (Gibraltar) Limited	Provision of leisure activities	Gibraltar
Romford Stadium Limited	Provision of leisure activities	Great Britain
Eurobet Italia SRL	Provision of leisure activities	Italy
Gala Interactive (Gibraltar) Limited	Provision of leisure activities	Gibraltar
Coral Interactive (Gibraltar) Limited	Provision of leisure activities	Gibraltar
Gala Electric Casinos plc	Holding Company	Great Britain
Gala Coral Interactive (Gibraltar) Limited	Holding Company	Gibraltar
Gala Group Finance plc	Finance Company	Great Britain
Gala Propco Three Limited	Finance Company	Great Britain

All of the principal subsidiaries are 100% owned with all voting rights held within the Group. Gala Electric Casinos plc is directly owned by the Company. The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length.

15. Acquisitions

During the year the Group purchased a new subsidiary which operates 5 LBOs for a total consideration of £3.7 million. In addition the Group also purchased the trade and assets of a number of other LBOs for £1.5 million.

During the prior year the Group made a number of trade and asset purchases of LBOs and acquired a Bingo club for a total consideration of £8.4 million.

16. Disposal of subsidiary

On 12 May 2013 the Group completed the sale of its Gala Casino business to The Rank Group Plc for £179.0 million plus certain adjustments for working capital. This resulted in a loss on disposal of £59.7 million at a consolidated Group level. This loss reflects the under realisation of goodwill and trading potential that has historically been carried against our Gala Casino division following the Group restructuring in 2003. This loss is a non-cash charge and only arises at a consolidated Group level and does not affect the standalone statutory entities nor have a detrimental effect on financial covenants.

The completion account process is ongoing and any adjustments to the purchase price will be reflected once the final position has been agreed.

	£m
Goodwill	106.4
Tangible fixed assets	128.9
Stocks	0.4
Debtors	3.3
Cash	4.5
Creditors	(10.2)
Provisions	(0.1)
	233.2
Loss on disposal (note 7)	(59.7)
Net cash consideration (including expected adjustments for working capital)	**173.5**

17. Stocks

Group

	2013 £m	2012 £m
Finished goods	**4.0**	**3.6**

18. Debtors

Group

	2013 £m	2012 £m
Trade debtors	2.8	2.7
Deferred tax asset (note 25)	0.4	9.1
Other debtors	14.6	23.0
Prepayments and accrued income	24.2	35.0
	42.0	**69.8**

18. Debtors (continued)

Company

	2013 £m	2012 £m
Falling due after more than one year:		
Amounts owed by subsidiary undertakings	**720.2**	**626.0**

The amount owed relates to a loan note issued by Gala Electric Casinos plc which accrues interest at 15.0875% which is only payable on maturity on 27 October 2020. Interest accrued rolls up into the principal amount on 27 October each year until redemption. At 28 September 2013 rolled up interest was £266.9 million (2012: £172.7 million).

19. Creditors: Amounts Falling Due Within One Year

Group

	2013 £m	2012 £m
Current instalments due on Gala Propco Three Limited loan (note 21)	337.7	5.8
Loan, senior secured notes and senior notes interest	25.1	25.5
Trade creditors	46.9	47.3
Corporation tax	2.8	0.7
Other taxation and social security	25.7	29.2
Other creditors	13.7	13.9
Accruals and deferred income	71.7	82.3
	523.6	**204.7**

20. Creditors: Amounts Falling Due After More Than One Year

Group

	2013 £m	2012 £m
Gala Propco Three Limited loan (note 21)	-	342.7
Senior secured credit facilities (note 21)	699.8	808.1
Senior secured notes (note 21)	343.2	341.8
Senior notes (note 21)	262.8	260.7
GCGL loan note (note 22)	712.7	618.0
Other creditors	1.6	0.7
	2,020.1	**2,372.0**

20. Creditors: Amounts Falling Due After More Than One Year (continued)

Company

	2013 £m	2012 £m
Amounts owed to subsidiary undertakings	1.5	0.5
GCGL loan note (note 22)	714.4	621.1
	715.9	**621.6**

The GCGL loan note represents amounts owed to GCG Manager S.A Luxco S.C.A.

21. Borrowings

Group

	2013 £m	2012 £m
Amounts falling due:		
In one year or less or on demand	338.0	5.8
In more than one year but not more than two years	-	343.7
After more than five years	1,336.9	1,450.0
	1,674.9	1,799.5
Less:		
Issue costs	(26.1)	(34.6)
Discount on nominal value of senior notes	(5.0)	(5.8)
	1,643.8	1,759.1
Less: included in creditors: amounts falling due within one year	(338.0)	(5.8)
	1,305.8	**1,753.3**

The Gala Propco Three Limited loan of £337.7 million (2012: £348.5 million), including amounts of £337.7 million (2012: £5.8 million) falling due within one year, is presented net of unamortised issue costs of £0.3 million (2012: £1.0 million). The loan is owed by Gala Propco Three Limited. The Gala Propco Three Limited loan matures in April 2014, is secured on certain properties which it owns and carries a fixed rate of interest of 6.1672%.

21. Borrowings (continued)

The principal terms of the current borrowings are as follows:

	Amount £m	Interest rate %	Maturity
Issued by Gala Group Finance plc:			
Senior secured credit facilities			
Term loan	711.9	LIBOR + 5	27 May 2018
Revolving credit facility	100.0	LIBOR + 4	27 May 2017
Senior secured notes	350.0	8.875	1 September 2018
Issued by Gala Electric Casinos plc:			
Senior notes	275.0	11.5	1 June 2019

The senior secured credit facilities and the senior secured notes are secured on the assets of the Group. The Group incurred costs relating to the raising of these borrowings and the senior notes were issued at a discount to their nominal value. The issue costs and discount have been deferred and are being amortised over the term of the borrowings.

On 14 May 2013 the Group repaid £113.1 million of the Senior secured credit facilities and wrote off £2.1 million of its issue costs following the receipt of £179.0 million from The Rank Group Plc on the completion of the sale of 19 of its UK casinos.

At 28 September 2013 the senior secured credit facilities, senior secured notes and senior notes are presented net of unamortised issue costs (and in respect of the senior notes, also the discount to nominal value) of £12.1 million (2012: £16.9 million), £6.8 million (2012: £8.2 million) and £12.2 million (2012: £14.3 million) respectively.

In addition to the margin payable on the senior secured credit facilities, the Group pays a 1.5% (2012: 1.5%) facility fee in respect of the unused portion of the revolving credit facility. The revolving credit facility is available to finance working capital requirements and for general corporate purposes. Whilst no amounts have been drawn down on the revolving credit facility, £46.3 million (2012: £16.8 million) has been utilised through the issuance of letters of credit.

The senior secured credit facilities and the Gala Propco Three Limited loan agreements require the Group to comply with certain financial and non-financial covenants. The senior secured notes and the senior notes require the Group to comply with certain non-financial covenant, all of which have been complied with.

22. GCGL Loan Notes

Group

	2013 £m	2012 £m
Amounts falling due after more than 5 years including rolled up interest	714.4	621.1
Less: issue costs	(1.7)	(3.1)
	712.7	**618.0**

22. GCGL Loan Notes (continued)

The GCGL loan notes have been issued to its parent company, GCG Manager SA Luxco SCA. The GCGL loan notes are unsecured, were issued with a duration of 10 years, accruing interest of 15.0625% only payable on maturity on 27 October 2020. Interest accrued rolls up into the principal amount on 27 October each year until redemption. At the year end rolled up interest amounted to £264.4 million (2012: £171.1 million).

Company

	2013 £m	2012 £m
Amounts falling due after more than 5 years including rolled up interest	**714.4**	**621.1**

The unamortised issue costs of £1.7 million (2012: £3.1 million) are held within Gala Group Finance plc.

23. Financial Instruments

For the purposes of the disclosures which follow in this note, short-term debtors and creditors which arise directly from the Group's operations have been excluded. The Group's lease provisions are included in the following disclosures because, in establishing the lease provisions, the cash flows have been discounted and the discount rate is reappraised at each year end to ensure that it reflects the current market assessment of the time value of money.

Interest Rate Risk Profile of Financial Liabilities

The interest rate risk profile of the Group's financial liabilities at 28 September 2013 and 29 September 2012, after taking account of the interest rate caps used to manage the interest rate profile of financial liabilities, was:

		Fixed/Floating Rate Financial Liabilities			
	Total £m	Floating Rate Financial Liabilities £m	Fixed Rate Financial Liabilities £m	Weighted Average Interest Rate %	Weighted Average Term of Fix Years
At 28 September 2013	**2,503.4**	**825.9**	**1,677.5**	**9.27**	**4.96**
At 29 September 2012	2,495.2	899.6	1,595.6	9.08	5.84

23. Financial Instruments (continued)

Interest Rate Risk Profile of Financial Assets

Cash held at bank is invested in accordance with the Group's Investment in Cash Policy to mitigate counterparty risk. During the year interest was earned on cash invested in the following forms of investment:

- Interest bearing current and deposit accounts with interest earned linked to the Bank of England base rate;
- Money market term deposits with interest earned linked to money market rates;
- 'AAA' rated money market funds with a changing daily yield based on the underlying investments.

In total, the Group provided cash collateral of £nil (2012: £0.4 million) as at the year end.

Maturity Profile of Financial Instruments

The maturity profile of the carrying amount of the Group's financial liabilities at 28 September 2013 and 29 September 2012 was as follows:

	Debt 2013 £m	Other Financial Liabilities 2013 £m	Total 2013 £m	Debt 2012 £m	Other Financial Liabilities 2012 £m	Total 2012 £m
Amounts falling due:						
In one year or less, or on demand	338.0	73.1	411.1	5.8	11.6	17.4
In more than one year but not more than two years	-	4.6	4.6	343.7	7.2	350.9
In more than two years but not more than five years	-	15.5	15.5	-	21.7	21.7
In more than five years	2,051.3	34.9	2,086.2	2,071.1	57.5	2,128.6
	2,389.3	128.1	2,517.4	2,420.6	98.0	2,518.6
Finance charges allocated to future periods	-	(14.0)	(14.0)	-	(23.4)	(23.4)
Total financial liabilities	2,389.3	114.1	2,503.4	2,420.6	74.6	2,495.2
Unamortised issue costs and discount	(33.1)	-	(33.1)	(43.5)	-	(43.5)
	2,356.2	**114.1**	**2,470.3**	**2,377.1**	**74.6**	**2,451.7**

The Group maintains loan facilities to mitigate any liquidity risk it may face. The Group has £53.7 million undrawn borrowing facilities available at 28 September 2013 (2012: £83.2 million). This revolving credit facility incurs commitment fees at 1.5% (2012: 1.5%). The revolving credit facility is available until 27 May 2017.

23. Financial Instruments (continued)

Fair Value of Financial Instruments

	Book Value 2013 £m	Fair Value 2013 £m	Book Value 2012 £m	Fair Value 2012 £m
Derivative financial instruments held to manage interest rate exposure:				
Interest rate caps	**1.9**	**0.9**	**3.3**	**1.4**

The Group had interest rate caps covering £450.0 million (2012: £650.0 million) of its floating rate borrowings as at 28 September 2013.

24. Obligations Under Leases

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

Group

	Land and Buildings 2013 £m	Other 2013 £m	Land and Buildings 2012 £m	Other 2012 £m
Operating leases which expire:				
within one year	1.9	0.3	2.5	1.3
between two and five years	11.8	3.8	8.6	6.3
over five years	45.3	-	45.1	-
	59.0	**4.1**	**56.2**	**7.6**

There are no operating leases in the Company (2012: none).

25. Provisions for Liabilities and Charges

Group

	Onerous Contract Provisions £m	Fortune Loyalty Scheme £m	Loss on Disposal of Casinos £m	Linewebber VAT claim £m	Total £m
At 29 September 2012	73.8	0.1	-	-	73.9
Arising during the year	8.4	1.9	3.5	59.1	72.9
Utilised	(8.8)	(1.9)	-	-	(10.7)
Released	(25.5)	-	-	-	(25.5)
Disposed	-	(0.1)	-	-	(0.1)
Unwinding of discount	2.0	-	-	-	2.0
At 28 September 2013	**49.9**	**-**	**3.5**	**59.1**	**112.5**

25. Provisions for Liabilities and Charges (continued)

Onerous contract provisions include vacant, partly sub let leasehold properties, onerous leases and onerous contracts at the shorter of the remaining period of the lease, which at 28 September 2013 is an average of 14 years (2012: 15 years), the period until, in the Directors' opinion, the Group will be able to exit the lease/contract. The amount provided is based on the future rental obligations, together with other fixed outgoings, net of any sub lease income. In determining the provision for the properties, the cash flows have been discounted using a risk free rate of return of 3.30% (2012: 4.25%).

Other provisions relate to dilapidations on vacant lease properties. The costs are expected to be incurred within the next year.

See note 7 for provision for loss on disposal of Casinos.

Following the UK Court of Appeal's recent ruling in favour of HMRC, on fiscal neutrality of VAT on gaming machines, a charge of £59.1 million has been recognised by the Group. The directors remain confident that the case will ultimately find in favour of the gaming operators, however based on the most recent ruling, they believe it appropriate to adequately provide for the potential exposure at this stage.

Deferred Taxation

Group

Movements in the net deferred tax asset during the year were as follows:

	2013 £m	2012 £m
At 29 September 2012	-	1.4
Movement through the profit and loss account	(8.0)	(2.8)
Movement through the statement of total recognised gains and losses	8.4	1.4
At 28 September 2013	**0.4**	**-**

Deferred taxation in the accounts consists of:

	2013 £m	2012 £m
Depreciation in advance of capital allowances	53.9	52.3
Other timing differences	0.1	(7.8)
Losses	59.1	47.7
Deferred tax asset not recognised in the financial statements (note 10d)	(112.7)	(92.2)
Net deferred tax asset recognised	0.4	-
Deferred tax asset shown in debtors (note 18)	0.4	9.1
Deferred tax liability recognised against pension asset (note 31)	-	(9.1)
Net deferred tax asset	**0.4**	**-**

25. Provisions for Liabilities and Charges (continued)

A deferred tax asset of £17.0 million (2012: £2.1 million) in respect of capital losses is not recognised in these accounts.

A deferred tax asset is recognised to the extent that the asset is forecast to be utilised within the next three years. The applicable tax rate for the utilisation of the asset is 20% (2012: 23%) which is the rate enacted at the balance sheet date.

26. Called Up Share Capital

Group and Company

	Number (000)	Ordinary shares of 1p each £m
As at 28 September 2013 and at 29 September 2012	**21,326,531**	**213.3**

27. Reserves

Group

	Revaluation Reserve £m	Capital Contribution Reserve £m	Merger Reserve £m	Profit and Loss Account £m	Total £m
At 29 September 2012	-	1,723.5	1.6	(1,773.3)	(48.2)
Loss for the financial year	-	-	-	(218.7)	(218.7)
Actuarial loss on pension scheme	-	-	-	(38.7)	(38.7)
Tax relating to pension scheme	-	-	-	9.0	9.0
Net foreign exchange adjustments offset in reserves	-	-	-	0.2	0.2
FRS 20 'Share Based Payment' charge	-	-	-	14.1	14.1
Surplus on revaluation of investment properties	17.4	-	-	-	17.4
At 28 September 2013	**17.4**	**1,723.5**	**1.6**	**(2007.4)**	**(264.9)**

27. Reserves (continued)

Company

	Profit and Loss Account £m
At 29 September 2012	52.7
Loss for the financial year	(0.1)
FRS 20 'Share Based Payment' charge	14.1
At 28 September 2013	**66.7**

28. Notes to the Group Cash Flow Statement

a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2013 £m	2012 £m
Operating profit	81.9	118.8
Depreciation, amortisation, impairment and write downs	97.6	89.3
Decrease/(increase) in debtors	15.9	(5.0)
Increase in stocks	(0.8)	(0.3)
(Decrease)/increase in creditors	(4.2)	0.9
Increase/(decrease) in provisions	33.2	(7.7)
Pension contributions in excess of profit & loss charge	(2.6)	(2.9)
FRS 20 'Share Based Payment' charge	14.1	51.6
Net cash inflow from operating activities	**235.1**	**244.7**

28. Notes to the Group Cash Flow Statement (continued)

b) Analysis of Net Debt

	At 29 September 2012 £m	Cash Flow £m	Transfers Between Categories £m	Other Non-cash Movements £m	At 28 September 2013 £m
Cash at bank and in hand	135.9	80.4	-	-	216.3
Debt due within one year	(5.8)	11.5	(343.4)	-	(337.7)
Debt due after one year	(2,371.3)	113.1	343.4	(103.7)	(2,018.5)
Total debt	(2,377.1)	124.6	-	(103.7)	(2,356.2)
Net debt	**(2,241.2)**	**205.0**	**-**	**(103.7)**	**(2,139.9)**

Non-cash movements comprise amortisation and write off of debt issue costs and senior notes discount of £10.4 million (including £2.1 million exceptional write off of issue costs) and accrued interest on the GCGL loan notes of £93.3 million.

Cash at bank and in hand as at 28 September 2013 includes the Gala Propco Three Limited balance of £7.9 million (2012: £9.6 million), cash in hand balance of £12.4 million (2012: £20.5 million) and the cash provided as collateral of £nil (2012: £0.4 million).

Debt due within the year includes the Gala Propco Three Limited loan of £337.7 million (2012: £5.8 million).

c) Cash Flows relating to Exceptional Items (note 7)

	2013 £m	2012 £m
Included within operating cash flow:		
Other restructuring and VAT rebates	(21.5)	(36.3)
	(21.5)	(36.3)
Net disposal proceeds of tangible fixed assets	14.5	1.7
Net disposal proceeds on sale of subsidiary undertakings	172.5	-
Cash disposed with subsidiary undertakings	(4.5)	-
Net cash inflow/(outflow)	**161.0**	**(34.6)**

VAT refunds net of duty relate to a repayment of input VAT on Coral Retail capital expenditure and refunds associated with successful 'Conde Nast' claims. Proceeds from the disposal of tangible fixed assets include £7.4 million in relation to the disposal of a licence in the Gala Casino division and £4.3 million in relation to three freehold properties disposed by Gala Propco Three Limited.

The Group also made a one off pension contribution of £2.6 million during the period as part of the agreed deficit funding arrangement (2012: £2.0 million).

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29. Capital Commitments

Amounts contracted for but not provided in the financial statements amounted to £3.5 million (2012: £13.2 million) for the Group and £nil (2012: £nil) for the Company.

30. Contingent Assets

Following the ruling on 30 October 2013 by the Court of Appeal in relation to Gaming Machine VAT contravening the principles of fiscal neutrality, the Group has provided for the potential repayment to HMRC during the current year (see note 7 and note 25).

The directors remain confident that upon appeal the UK courts will find in favour of the gaming operators and as such disclose a contingent asset of £59.1 million in relation to this claim.

31. Pension Commitments

Defined Contribution Pension Scheme

During the year the Group closed its defined contribution pension scheme and transferred all its participants into personal pension plans. The pension cost charge for the year represents contributions paid by the Group into the current personal pension plans and the old Group defined contribution scheme and amounted to £2.9 million (2012: £2.9 million).

Defined Benefit Pension Scheme

The Group operates the Gala Coral Pension Plan, a fully funded defined benefit pension scheme. On 28 September 2013 the scheme was closed to future accrual and all participants were transferred to personal pension plans. As a result of the closure of the scheme the Group recognised a curtailment gain of £15.0 million.

The pension payable to an individual is based on their average earnings calculated over the period of pensionable service (career average revalued earnings or CARE).

A full actuarial valuation of the Gala Coral Pension Plan was undertaken at 5 April 2011.

An actuarial review of the scheme valuation was carried out by a qualified independent actuary as at 28 September 2013, in order to provide the following information required by FRS 17 amended "Retirement Benefits". The major assumptions used by the actuary were:

	2013	2012	2011
Rate of salary increases	-	3.8%	3.9%
Rate of pension increases	3.4%	2.8%	2.9%
Discount rate	4.5%	4.6%	5.1%
CPI inflation assumption	2.5%	2.1%	2.2%
RPI inflation assumption	3.4%	2.8%	2.9%

Mortality Assumptions

	2013 Years	2012 Years
Longevity at age 65 for current pensioners:		
– Men	22.4	22.4
– Women	23.9	23.9
Longevity at age 65 for future pensioners:		
– Men	24.5	24.5
– Women	25.9	25.8

31. Pension Commitments (continued)

Assets and Liabilities of the Scheme

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Total fair value of assets	326.6	307.3	283.6	260.2	241.1
Present value of scheme liabilities	(301.6)	(267.6)	(238.6)	(249.7)	(225.0)
Surplus in the scheme	25.0	39.7	45.0	10.5	16.1
Restriction of pension asset	(25.0)	-	(1.9)	-	-
Related deferred tax liability (note 25)	-	(9.1)	(10.8)	(2.9)	(4.5)
Net pension asset	**-**	**30.6**	**32.3**	**7.6**	**11.6**

The pension asset has been restricted following the closure of the scheme as the asset cannot be recovered through a reduction in future contributions.

Expected Rate of Return

	Expected Rate of Return %	Value 2013 £m	Expected Rate of Return %	Value 2012 £m	Expected Rate of Return %	Value 2011 £m
Equities	5.9%	44.1	5.1%	34.7	5.8%	29.8
Hedge funds	5.9%	23.2	5.1%	22.1	5.8%	21.0
Bonds	3.6%	79.7	3.3%	78.4	4.4%	70.3
Gilts	2.6%	175.0	1.9%	171.2	2.5%	160.8
Other (cash)	1.3%	4.6	1.3%	0.9	1.3%	1.7
Total value		**326.6**		**307.3**		**283.6**

Reconciliation of the Present Value of Scheme Liabilities

	2013 £m	2012 £m
Present value of scheme liabilities at the beginning of the year	267.6	238.6
Current service cost	4.1	4.2
Interest cost	12.4	12.2
Benefits paid	(8.3)	(9.0)
Employee contributions	1.2	1.5
Actuarial loss	39.6	20.1
Plan curtailments	(15.0)	-
Present value of scheme liabilities at the end of the year	**301.6**	**267.6**

31. Pension Commitments (continued)

Reconciliation of the Fair Value of Scheme Assets

	2013 £m	2012 £m
Fair value of scheme assets at the beginning of the year	307.3	283.6
Expected return on scheme assets	8.8	10.0
Actuarial gain	10.9	14.1
Benefits paid	(8.3)	(9.0)
Employer contributions	6.7	7.1
Employee contributions	1.2	1.5
Fair value of scheme assets at the end of the year	**326.6**	**307.3**

Analysis of the Amount Charged to Operating Profit

	2013 £m	2012 £m
Current service cost	**4.1**	**4.2**

Analysis of the Amount Charged to Other Finance Costs

	2013 £m	2012 £m
Expected return on pension scheme assets	8.8	10.0
Interest on pension liabilities	(12.4)	(12.2)
Other finance costs	**(3.6)**	**(2.2)**

The cumulative actuarial loss recognised in the Group statement of total recognised gains and losses ("STRGL") is £35.9 million (2012: £2.9 million gain).

The actual return on plan assets was £19.7 million (2012: £24.1 million). To develop the assumption for the expected rate of return on assets, the Group considered the current level of expected return on risk free investments, the historical level of the risk premium associated with the other asset classes in the portfolio and expectations for future returns of each asset class. A weighted average rate of return on assets was calculated. This resulted in the selection of a 3.5% assumption for 2013 (2012: 2.9%).

31. Pension Commitments (continued)

Movement in Surplus during the Year

	2013 £m	2012 £m
Surplus in scheme at the beginning of the year	39.7	45.0
Current service cost	(4.1)	(4.2)
Contributions	6.7	7.1
Other finance costs	(3.6)	(2.2)
Actuarial loss	(28.7)	(6.0)
Plan curtailments	15.0	-
Surplus at the end of the year	**25.0**	**39.7**

Amounts for Current Year and Previous Four Years

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Experience adjustments on plan assets:					
Amount	10.9	14.1	12.1	9.6	(5.0)
Experience adjustments on plan liabilities:					
Amount	0.5	2.2	0.3	0.5	1.3
Total actuarial gains and losses recognised in the STRGL:					
Amount	(38.7)	(4.1)	31.3	(7.3)	(21.5)

A liability of £0.3 million (2012: £0.2 million) existed in respect of pension contributions at 28 September 2013.

32. Share Based Payments

The Group operates a Management Incentive Scheme for certain management. The share scheme was implemented by Gala Coral Group Limited's ultimate parent undertaking, GCG Manager S.A Luxco S.C.A, with shares in the parent being allocated to management. The shares were purchased by management at their fair value. A proportion of the shares issued vested immediately with additional shares vesting over a period of up to five years.

The realisation of the value attributed to the management shares only occurs on an exit event. Despite the fact that the shares awarded to management are shares of the ultimate parent company, GCG Manager S.A Luxco S.C.A, a charge has been recognised in the Gala Coral Group Limited consolidated financial statements as prescribed by the guidelines of FRS 20 "Share Based Payments". The charge recorded in the current year of £14.1 million (excluding legal fees), represents an accounting recharge only rather than a commitment on the UK Group to pay cash. On exit and realisation of value of the UK Group, the cash cost associated with this share scheme will be incurred by the ultimate parent company, not Gala Coral Group Limited or any of its UK subsidiaries.

32. Share Based Payments (continued)

	Class of share						
	B	**C**	**D**	**E**	**F**	**G**	**H**
Number of shares issued	1,264,471	7,485,669	13,004,646	1,390,918	2,935,361	886,248	1,089,457
Number of shares unissued	-	-	791,557	-	-	-	-
Vesting period (yrs)	0 to 2	0 to 5	0 to 5	0 to 5	0 to 5	0 to 5	0 to 5
Expected volatility	96%	96%	96%	96%	96%	96%	96%

The valuation of the scheme for FRS 20 was undertaken using the Black-Scholes pricing model with the expected volatility based on the historical volatility, over a 5 year period, of similar listed companies with appropriate adjustments made for the level of gearing within the Gala Coral Group. Dividend yields were assumed at 0% for all awards and the risk free rate at 0.92%. An exit assumption of 5 years from the grant date has been used in the valuation of the scheme.

Grant date	**2013**	**2012**
Number of shares in issue at start of year	27,136,394	-
Granted	3,197,265	27,136.394
Forfeited	(2,276,889)	-
Number of shares in issue at end of year	**28,056,770**	**27,136,394**

The remaining charge, assuming no new joiners, for the management incentive scheme is calculated at £6.2 million with the scheme being accounted for as equity settled under FRS 20. The amounts paid to participants on an exit event depend on certain criteria, including good leaver/bad leaver considerations.

The charge recorded during the current year is higher than that disclosed in the 2012 financial statements due to the acceleration of charges for those leaving the scheme and additional charges booked for new joiners. All charges in respect of FRS 20 'Share Based Payments' are non cash.

The shares issued are unlisted.

33. Related Parties

The Company has taken advantage of the exemption under FRS 8 "Related party disclosures" not to disclose related party transactions with companies which are wholly owned subsidiaries.

During the prior year the Group loaned £0.4 million to one of its directors. The loan is repayable in full on 14 December 2026 and does not accrue interest. Certain early repayment clauses exist within the loan agreement which provide for both immediate repayment on an exit event and early repayment subject to annual bonus arrangements. The balance of this loan as at the 28 September 2013 was £0.3 million.

The Group also made payments to related parties (by virtue of common directors) of £0.2 million (2012: £0.2 million) to the Association of British Bookmakers and £1.8 million (2012: £1.8 million) to the Greyhound Board of Great Britain.

34. Ultimate Controlling Party

As at 28 September 2013, the Company's immediate parent company and the ultimate parent company of the Group was GCG Manager S.A Luxco S.C.A (a "societe en commandite par actions" established under the laws of Luxembourg), with registered office at 7, Val Sainte Croix, L-1371 Luxembourg.