



THE RANK GROUP PLC TAX STRATEGY

March 2018

Rank is headquartered in the UK and makes a strong contribution to the UK Exchequer, having paid approximately £207m in direct and indirect taxes in the year to 30 June 2017. At the time of writing, Rank operates 85 bingo venues (under the Mecca Bingo brand), 54 casino venues (under the Grosvenor Casino brand) and 3 community-based gaming venues (under the Luda brand) in the UK. Rank's remote gaming business operates predominantly under the Mecca Bingo and Grosvenor Casino brands providing a digital offering to some 400,000, mainly UK based, customers.

Rank aims to be the UK's leading multi-channel gaming operator, creating value for shareholders, having strong brands which meet customers' needs and delivering operational excellence in venues and digital channels.

Rank operates in a highly regulated industry and is committed to acting responsibly in all areas, including taxation.

UK TAX STRATEGY

Rank's objectives are to maximise shareholder value in all aspects of the Group's activity, maintain our corporate reputation and uphold the three objectives of gambling regulation as set out in the Gambling Act 2005 (preventing gambling from being a source of crime and disorder, ensuring that gambling is conducted in a fair and open way and protecting children and vulnerable people from being harmed or exploited by gambling). We recognise that the taxes we pay make a significant contribution to national finances and try to ensure that Rank's contributions are valued and understood.

The taxation of betting and gaming is complex, involving numbers of different taxes and duties. Our aim is to ensure that all taxes are correctly accounted for and that tax returns are submitted accurately, on time and that all tax liabilities are paid.

Rank is committed to acting with honesty and integrity in all matters with a strong emphasis on corporate reputation, social responsibility and maintaining good relationships with Government.

RISK MANAGEMENT AND GOVERNANCE

The Board review and approve the Group's tax strategy annually. The Group Finance Director is responsible for ensuring that the Group complies with the documented tax strategy. Management of the Group's day to day tax affairs is carried out by the Group's Director of Tax, who is supported by appropriately trained and qualified staff within the finance team. The Group Finance Director and Director of Tax meet regularly to discuss all tax matters and the Board are provided with an update on tax issues at least twice a year. Any significant decisions relating to tax are taken to the Board for prior approval, including decisions to litigate and the approach to dealing with disputes with HMRC. The Board are kept informed of future tax changes, including any potential impact from consultations carried out by HMRC.

From an accounting perspective, Rank takes a prudent approach to areas of dispute providing for areas of uncertainty and not recognising claims unless they are certain to be received.

Systems, processes and controls are in place to ensure that tax returns are correctly prepared, accounted for and taxes paid. Senior Accounting Officer documentation is reviewed and updated as appropriate on an annual basis as a minimum and there are procedures in place to ensure that adequate reviews are undertaken.



Rank complies with all applicable laws, regulations and disclosure requirements in relation to tax, exercising professional care and judgement in relation to decisions reached. Such decisions are fully documented and audited as appropriate.

ATTITUDE TOWARDS TAX PLANNING

Rank is committed to operating responsibly and considers the reputational impact of transactions as well as the direct financial implications. The Group does not intend to enter into aggressive tax avoidance transactions and any tax planning will revolve around the commercial needs of the business.

When undertaking commercial transactions, the Group will take advantage of tax reliefs, incentives and exemptions in accordance with the relevant tax legislation.

TAX RISK

Rank's main tax risks are:

- Incomplete or inaccurate completion of tax returns
- Failure to pay the correct amount of tax on time
- Incorrect recording of tax balances in the Financial Statements
- Business projects undertaken with insufficient tax advice
- Incorrect interpretation of fiscal regulation
- Changes in fiscal regulation

Systems and processes are in place to mitigate these risks and these are reviewed and updated on a regular basis.

Rank's tax risks are managed as part of the Group's overall comprehensive risk management methodology, that balances risk and opportunities to achieve strategic objectives. Each risk is identified, mitigated, monitored and reviewed based on its specific facts and circumstances. The audit committee, supported by internal audit, is responsible for assessing the effectiveness of the risk management systems which are in place and for undertaking an independent review of the risk mitigation plans which have been designed for material risks. This includes taxation.

The tax team collaborate with colleagues across the business at the start of projects to ensure that tax costs and tax risks are taken into consideration as part of any decision-making process.

To mitigate risk, Rank aims to achieve certainty on the tax treatment of transactions where possible. This may include discussing transactions with HMRC in real time to explain business issues and try to reach agreement of the appropriate tax treatment in advance of filing deadlines.

Rank aims to make the correct decisions and judgements in relation to tax. Where tax issues are particularly complex or uncertain, or if it is considered that HMRC may take a different view than that adopted by Rank, external advice is taken by professional advisers or Tax Counsel as appropriate.

RELATIONSHIPS WITH HMRC

Rank aims to have an open and honest relationship with HMRC, fully cooperating with any enquiries and helping HMRC to understand Rank's business and any significant transactions.

In the past year, Rank has fully complied with statutory tax obligations, maintaining good relationships with tax authorities in all jurisdictions in which it operates. The Group meets regularly with HMRC (and other tax authorities as appropriate) to explain business issues and to discuss future, current and past tax issues.

If the Group disagrees with a tax authority about the correct treatment of a tax issue, the Group aims to reach resolution as quickly as possible whilst also defending its position robustly with a view to



protecting shareholder value and taking into account the cost of defending audits or assessments in relation to the amounts of tax at stake. Rank will consider litigation provided that the grounds of appeal stand a good chance of success in litigation and that there is sufficient tax at stake to warrant the cost of litigation.

Rank actively and positively participates in all relevant tax consultations to help shape changes to tax legislation or policy that are relevant to the business.

The publication of this tax strategy is in compliance with Rank's duty under paragraph 16(2), Schedule 19, Finance Act 2016. It has been approved by the Board of The Rank Group Plc.