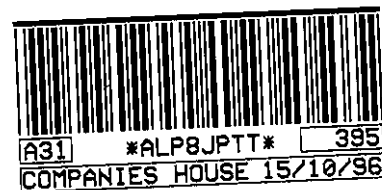


WILLIAM HILL LEISURE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 26 DECEMBER 1995



WILLIAM HILL LEISURE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 26 DECEMBER 1995

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WILLIAM HILL LEISURE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr J M Brown
Mr W L Haygarth
Mr R Lambert
Mr S G Olive

SECRETARY

Mr K M J C Hogan

REGISTERED OFFICE

15 Mark Lane
Leeds
LS1 8LB

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London
EC4A 3TR

WILLIAM HILL LEISURE LIMITED

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 26 December 1995.

PRINCIPAL ACTIVITY

The Company did not trade during the current or preceding financial year.

REVIEW OF BUSINESS

The state of the Company's affairs and result for the financial year are shown in the attached financial statements.

The Directors have decided not to declare a dividend for the year (1994 - £nil). Neither a profit nor a loss was made in the year (1994 - profit £43,000). Total capital and reserves at 26 December 1995 amounted to £1,722,000 (1994 - £1,722,000).

DIRECTORS

The present membership of the Board of Directors is set out on page 1.

The Directors who served throughout the year and subsequently are:

Mr J M Brown
Mr W L Haygarth
Mr R Lambert
Mr S G Olive

WILLIAM HILL LEISURE LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS (continued)

According to the register of Directors' interests maintained under the Companies Act 1985 none of the Directors had an interest in the shares or debentures in any Group company and no rights to subscribe for shares in or debentures of any Group company were granted to any of the Directors or their immediate families or exercised by them, during the financial year, except as noted below.

The interests of Mr J M Brown in The Brent Walker Group PLC are disclosed in that company's annual report.

Mr R Lambert had an interest in 12,119 ordinary shares and 6,058 warrants in The Brent Walker Group PLC at 26 December 1995 and 28 December 1994.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Directors' and Officers' liability insurance has been purchased for The William Hill Group Limited and its subsidiaries as permitted by S310 (3) of the Companies Act 1985.

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche. Accordingly, they have signed the audit report in their new name.

Deloitte & Touche have indicated their willingness to continue in office and a resolution to reappoint them is to be proposed at the next Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.



K M J C HOGAN
Secretary

15 May 1996

WILLIAM HILL LEISURE LIMITED

DIRECTORS' STATEMENT OF RESPONSIBILITIES

As Directors we are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of the Company's affairs as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, we are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable accounting standards have been followed;
- ◆ prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable us to ensure that the financial statements comply with the Companies Act 1985. We are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board.



K M J C Hogan
Secretary

15 May 1996

WILLIAM HILL LEISURE LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 12 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

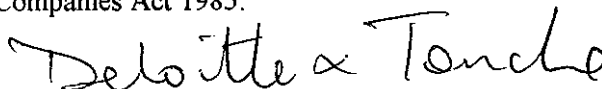
Inherent uncertainty relating to the parent company

In forming our opinion we have considered the adequacy of disclosures made in Note 10 of the financial statements concerning the obligations to the parent company, The William Hill Group Limited. The audit report on the financial statements of The William Hill Group Limited for the year ended 26 December 1995 contains reference to a fundamental uncertainty regarding the validity of the going concern basis used in the preparation of those financial statements. These financial statements have been prepared on a going concern basis and do not include adjustments, if any, which would result from a crystallisation of the guarantee to the bankers of the parent company as set out in Note 10. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 26 December 1995 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Chartered Accountants and
Registered Auditors
Hill House
1 Little New Street
London
EC4A 3TR



15 May 1996

WILLIAM HILL LEISURE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 26 DECEMBER 1995

| | Notes | 1995 £'000 | 1994 £'000 |
|--|-------|---------------|---------------|
| OPERATING RESULT AND RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION | | - | - |
| Tax credit on result on ordinary activities | 4 | - | 43 |
| RETAINED PROFIT FOR THE FINANCIAL YEAR | 9 | - | 43 |

There are no recognised gains or losses for the current and preceding financial years other than as stated in the profit and loss account.

Movements in reserves are set out in Note 9.

WILLIAM HILL LEISURE LIMITED

BALANCE SHEET AT 26 DECEMBER 1995

| | Notes | 26 December 1995 £'000 | 27 December 1994 £'000 |
|---|-------|------------------------------|------------------------------|
| FIXED ASSETS | | | |
| Investments | 5 | — | — |
| CURRENT ASSETS | | | |
| Debtors | 6 | 1,733 | 1,733 |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 7 | (11) | (11) |
| NET CURRENT ASSETS | | 1,722 | 1,722 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,722 | 1,722 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 8 | 428 | 428 |
| Profit and loss account | 9 | 1,294 | 1,294 |
| EQUITY SHAREHOLDERS' FUNDS | | 1,722 | 1,722 |

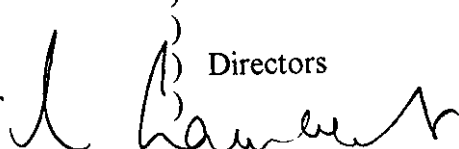
The Company was dormant throughout the year ended 26 December 1995 within the meaning of Section 250(3) Companies Act 1985.

Approved by and signed on behalf of the Board of Directors on 15 May 1996.

J M BROWN



R LAMBERT



Directors

WILLIAM HILL LEISURE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 26 DECEMBER 1995

1. CHANGE OF OWNERSHIP

On 13 December 1989 both William Hill Organization Limited and Camec Limited were acquired by The William Hill Group Limited from Grand Metropolitan PLC.

There is a dispute between Grand Metropolitan PLC and The William Hill Group Limited concerning the level of the consideration to be paid for the acquisition and it is anticipated that the dispute will be resolved by the independent expert accountant appointed for the purpose, but in the meantime deferred consideration of £50 million became payable to Grand Metropolitan PLC by The William Hill Group Limited on 25 September 1990. This deferred consideration has not been paid.

The current position is described in detail in Note 1 of the financial statements of The William Hill Group Limited for the year ended 26 December 1995. Those financial statements contain a reference to a fundamental uncertainty regarding the validity of the going concern basis used for their preparation. The auditors have not qualified those financial statements in this respect.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The financial statements present information about the Company as an individual undertaking and not as a group. (see note 5).

The significant accounting policy of the Company is as follows:

(a) Investments

Investments are stated at cost less provision for permanent diminution in value.

WILLIAM HILL LEISURE LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 26 DECEMBER 1995**

3. STAFF COSTS

Details of the remuneration of the Company's Directors for the year ended 26 December 1995 is disclosed in the financial statements of William Hill Organization Limited or The William Hill Group Limited if the Directors were also directors of that company.

There are no employees of the Company.

4. TAX CREDIT ON RESULT ON ORDINARY ACTIVITIES

| | 1995 £'000 | 1994 £'000 |
|---|---------------|---------------|
| Corporation Tax at 33% (1994 - Prior year credit) | <u>-</u> | <u>(43)</u> |

WILLIAM HILL LEISURE LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 26 DECEMBER 1995**

5. INVESTMENTS

| | 1995 and 1994 £'000 |
|-----------------------------------|---------------------------|
| Cost | 14 |
| Provision for diminution in value | (23) |
| Net book value | <u>(9)</u> |

The balance is included in Other Creditors (See Note 7).

The Company owns the whole of the issued ordinary share capital of the following companies which did not trade during the year and are registered in England and Wales.

Hearsport Limited
Family Entertainments Limited

In the Directors' opinion the value of the Company's investment in its subsidiaries is not less than the amounts at which they are stated in the balance sheet.

The Company has not prepared group accounts as, in accordance with S228 of the Companies Act 1985, the Company is a wholly owned subsidiary of another company incorporated in Great Britain (see Note 11).

6. DEBTORS

| | 1995 £'000 | 1994 £'000 |
|--------------------------------------|---------------|---------------|
| Amounts due from fellow subsidiaries | <u>1,733</u> | <u>1,733</u> |

WILLIAM HILL LEISURE LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 26 DECEMBER 1995**

7. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

| | 1995 £'000 | 1994 £'000 |
|------------------------------|---------------|---------------|
| Other creditors (See Note 5) | 11 | 11 |

8. CALLED UP SHARE CAPITAL

| | 1995 and 1994 £'000 |
|--|---------------------------|
| Authorised; 5,000,000 ordinary shares of 10p each | 500 |
| Allotted, and fully paid: 4,277,550 ordinary shares at 10p each | 428 |

9. PROFIT AND LOSS ACCOUNT

| | £'000 |
|--|-------|
| Balance at 26 December 1995 and 27 December 1994 | 1,294 |

WILLIAM HILL LEISURE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 26 DECEMBER 1995

10. CONTINGENT LIABILITIES

On 13 December 1989, The William Hill Group Limited acquired the share capitals of Camec Limited and William Hill Organization Limited. In connection with this acquisition Camec Limited, William Hill Organization Limited and certain of their subsidiaries provided guarantees to secure the loan facilities of The William Hill Group Limited.

In addition those companies also provided guarantees to secure the bank overdraft of The William Hill Group Limited.

On 1 March 1994 The William Hill Group Limited's Term Loan facility was refinanced and its overdraft facility renewed as explained in Note 17 of that company's financial statements. The replacement Term Loan facility is for £370 million with a final maturity date of 1 March 1999 and its overdraft facility is for £20 million. The facilities are secured by fixed and floating charges over the assets of the Group. The Company has given, jointly and severally, guarantees of and security for these facilities to The William Hill Group Limited's bankers.

At 26 December 1995, the loan obligation guaranteed stood at £382,546,000 (1994: £374,239,000) and the overdraft guaranteed stood at £19,998,00 (1994: £19,995,000).

The Company has guaranteed certain bank facilities of William Hill Organization Limited, Camec Limited, Camec (Credit) Limited and William Hill Credit Limited. At 26 December 1995 the outstanding amount was nil (1994: nil).

11. ULTIMATE PARENT COMPANY

The Company's ultimate parent company is The Brent Walker Group PLC.

The parent company of the largest group which includes the Company for which group accounts are prepared is The Brent Walker Group PLC. The parent company of the smallest such group is The William Hill Group Limited. Both companies are incorporated in Great Britain and registered in England and Wales. The accounts of both companies are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.