

WILLIAM HILL LEISURE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 1994



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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

Touche Ross & Co.
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 27 December 1994.

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 (1993 - £nil). The profit for the year of £43,000 (1993 - loss £71,000) has been transferred to reserves. Total capital and reserves at 27 December 1994 amounted to £1,722,000 (1993 - £1,679,000).

On 1 March 1994 The William Hill Group Limited's Term Loan was refinanced and its overdraft facility renewed as explained in Note 17 of that company's financial statements for the year ended 27 December 1994. The facilities are secured by fixed and floating charges over the assets of The William Hill Group Limited and its subsidiaries ("the Group"). The Company has given, jointly and severally, guarantees of and security for these facilities to The William Hill Group Limited's bankers.

FIXED ASSETS

The Company has no fixed assets.

DIRECTORS

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

The Directors who served during the year and subsequently are:

Mr J M Brown	
Mr W L Haygarth	Appointed 4 March 1994
Mr R Lambert	
Mr S G Olive	Appointed 4 March 1994

At the next Annual General Meeting Mr J M Brown will retire by rotation and in accordance with the Company's Articles of Association, and being eligible will offer himself for re-election.

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 27 December 1994 and 29 December 1993.

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

Touche Ross & Co. 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

23 May 1995

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

23 May 1995

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 7 to 13 which have been prepared under the accounting policies set out on page 9.

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 11 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 27 December 1994 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 11. 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 27 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co.

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

23 May 1995

WILLIAM HILL LEISURE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 27 DECEMBER 1994

	Notes	1994 £'000	1993 £'000
Net operating expenses		-	(71)
OPERATING RESULT/(LOSS) ON DISCONTINUED ACTIVITIES	3	-	(71)
RESULT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(71)
Tax credit on result/(loss) on ordinary activities	5	43	-
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	10	43	(71)

There are no recognised gains or losses or movements in shareholders' funds other than the results for the current and preceding financial years.

Movements in reserves are set out in Note 10.

WILLIAM HILL LEISURE LIMITED

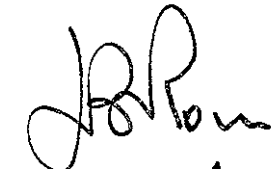
BALANCE SHEET AT 27 DECEMBER 1994

	Notes	27 December 1994 £'000	28 December 1993 £'000
FIXED ASSETS			
Investments	6	—	—
CURRENT ASSETS			
Debtors	7	1,733	2,108
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(11)	(429)
NET CURRENT ASSETS		<u>1,722</u>	<u>1,679</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,722</u>	<u>1,679</u>
CAPITAL AND RESERVES			
Called up share capital	9	428	428
Profit and loss account	10	1,294	1,251
EQUITY SHAREHOLDERS' FUNDS		<u>1,722</u>	<u>1,679</u>

Approved by and signed on behalf of the Board of Directors on 23 May 1995.

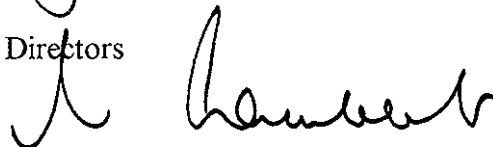
J M BROWN

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Directors

R LAMBERT



WILLIAM HILL LEISURE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 27 DECEMBER 1994

1. CHANGE OF OWNERSHIP

On 13 December 1989 both William Hill Organization Limited and Camec Limited (formerly Mecca Bookmakers 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 27 December 1994. 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 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 27 DECEMBER 1994**

3. OPERATING RESULT/(LOSS)
ON DISCONTINUED ACTIVITIES

	1994 £'000	1993 £'000
Operating loss is stated after charging:		
Management charge	-	3
Loss on disposal of fixed assets	<u>-</u>	<u>68</u>

The disclosure above is in respect of expenses which can be directly attributed to the Company and other expenses of the Company which are borne by William Hill Organization Limited (1993: Camec Limited) and recharged to this Company by way of management charge.

4. STAFF COSTS

Details of the remuneration of the Company's Directors for the year ended 27 December 1994 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.

5. TAX CREDIT ON RESULT/(LOSS) ON ORDINARY ACTIVITIES

	1994 £'000	1993 £'000
Corporation Tax at 33% - prior year credit	<u>(43)</u>	<u>-</u>

WILLIAM HILL LEISURE LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 27 DECEMBER 1994

6. INVESTMENTS

	1994 and 1993 £'000
Cost	14
Provision for diminution in value	(23)
Net book value	<u>(9)</u>

The balance is included in Other Creditors (See Note 8).

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

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 12).

7. DEBTORS

	1994 £'000	1993 £'000
Amounts due from fellow subsidiaries	1,733	2,002
Other debtors	-	106
	<u>1,733</u>	<u>2,108</u>

WILLIAM HILL LEISURE LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 27 DECEMBER 1994

8. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

	1994 £'000	1993 £'000
Amounts owed to parent company	-	377
Corporation tax	-	43
Other creditors (See Note 6)	11	9
	<u>11</u>	<u>429</u>

9. CALLED UP SHARE CAPITAL

	1994 and 1993 £'000
Authorised; 5,000,000 ordinary shares of 10p each	500
	<u> </u>
Allotted, and fully paid: 4,277,550 ordinary shares at 10p each	428
	<u> </u>

10. PROFIT AND LOSS ACCOUNT

	£'000
Balance at 29 December 1993	1,251
Retained profit for the financial year	43
	<u> </u>
Balance at 27 December 1994	1,294

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 27 DECEMBER 1994**

11. CONTINGENT LIABILITIES

On 13 December 1989, The William Hill Group Limited acquired the share capitals of Camec Limited (formerly Mecca Bookmakers 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 27 December 1994, the loan obligation guaranteed stood at £374,239,000 (1993: £342,523,000) and the overdraft guaranteed stood at £19,995,000 (1993: £23,035,000).

The Company has guaranteed certain bank facilities of William Hill Organization Limited, Camec Limited (formerly Mecca Bookmakers Limited), Camec (Credit) Limited and William Hill Credit Limited.

12. 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.