

Company Registration No. 278208

William Hill Organization Limited

Annual Report and Financial Statements

52 week period ended 27 December 2016

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William Hill Organization Limited

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William Hill Organization Limited

Report and financial statements 2016

Officers and professional advisers

Directors

Mr A D Steele
Mr P H Bowcock
Mr L Thomas

Secretary

Mr T Fuller

Registered office

Greenside House
50 Station Road
Wood Green
London
N22 7TP

Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ

William Hill Organization Limited

Strategic report (continued)

The Company's affairs and trading results for the period are shown in the attached financial statements.

Trading performance

Gross profit movements reflected a number of factors including the effect of the Euro 2016 football tournament with no 2015 equivalent. Gaming net revenue growth in the period was offset by slightly weaker gross win margins than expected due to the impact of volatile sporting results.

The Company is a subsidiary of William Hill PLC and together with its fellow subsidiaries comprises the William Hill Group of companies ("the Group")

Key performance indicators ("KPIs")

The KPIs used by the directors in monitoring performance against strategy mainly relate to earnings growth including its constituent parts. The main constituent parts are:

- gross win growth/(decline), which represents the growth/(decline) in total customer stakes less customer winnings in the period;
- gross win percentage, which represents gross win as a percentage of total customer stakes;
- gross profit growth/(decline), which represents the growth/(decline) in gross win less cost of sales in the period; and
- net operating expense growth.

Targets for KPIs are set on an annual basis as part of the Group's operational planning for the coming period having regard to historic achievements, expected new developments and the Group's strategy.

The KPIs for the current and preceding period for the Company are shown below.

	52 week period ended 27 December 2016	52 week period ended 29 December 2015
Gross win growth/(decline)	0.59%	(2.39)%
Gross win %	5.60%	5.65 %
Gross profit growth/(decline)	0.14%	(5.17)%
Net operating expense growth/(decline) (excl. exceptionals)	5.01%	(4.63)%

Exceptional costs are excluded from the calculation of expenses growth because the directors believe that pre-exceptional costs are a better measure of the underlying cost trends of the business.

Gross win and gross profit KPIs for the period have been affected by a number of factors including the effect of the Euro 2016 football tournament with no 2015 equivalent. Gaming net revenue growth in the period was offset by slightly weaker gross win margins than expected due to the impact of volatile sporting results. Net operating expense growth primarily reflects increases in employee costs, including National Living Wage increases.

The Company has net assets of £134.3m at 27 December 2016 (29 December 2015: £118.6m).

Principal Risks and Uncertainties

The directors are seeking to build an increasingly profitable business by exploiting the Company's strengths and, at the same time, tracking risks to the Company and seeking to mitigate them to a level which is inside the Company's risk appetite. Risks are discussed with Management and the principal risks include:

- ongoing regulatory compliance and the potential impact of regulatory and fiscal changes on the Company's operations;
- the potential impact of changes in the competitive landscape in particular from market consolidation;

William Hill Organization Limited

Strategic report (continued)

Principal Risks and Uncertainties (continued)

- the risk of a major disaster or technology failure impacting our central operations which could not be easily mitigated;
- failure to effectively manage the recruitment, retention and development of key employees; and
- the risk associated with delivering widespread change through a transformation programme, which may impact core business processes, disrupt staffing models and adversely affect existing development roadmaps or business-as-usual activity if not properly managed.

Whilst other risks do exist, the above risks represent those assessed as the principal risks following mitigating activities within the business.

The risk assessment and risk management process used by the Company forms part of the wider process used by the Group, as summarised in the William Hill PLC 2016 Annual Report and Accounts on pages 40 to 45.

The directors routinely monitor all the above risks and appropriate actions are taken to mitigate the risks or their potential adverse consequences where possible.

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's statement of financial position, the only financial risks the directors consider relevant to this Company are credit risk and liquidity risk. These risks are mitigated by the nature of the receivables balances owed, with these primarily due from other Group companies.

Business development

The Company intends to continue its investment in its retail business and to introduce new initiatives and products aimed at both retaining existing and attracting new customers.

Regulatory development

During the period, the Company was in full compliance with the conditions and codes of practice regarding Licensed Betting Offices, as issued by the Gambling Commission. The directors' continuing aim is to engage fully with the Gambling Commission and to continue a constructive dialogue.

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



L Thomas
Director
15th June 2017

William Hill Organization Limited

Directors' report

The directors present their annual report and audited financial statements for the 52 week period ended 27 December 2016. The prior period was the 52 weeks ended 29 December 2015.

Principal activity

The principal activities of the Company during the financial period were the operation of Licensed Betting Offices ("LBOs") and, through its subsidiaries, the provision of online and telephone betting services. The Company is also responsible for the employment of the Group's UK based staff and facilitates financing activities in relation to the Group's external borrowings including the repayment of loans and interest.

Dividend

On 5 December 2016, the Company paid an interim dividend of £175.0m (29 December 2015: £175.0m). The directors do not recommend the payment of a final dividend (29 December 2015: £nil).

Employees

Details of staff costs and numbers are included in note 8 to the financial statements and details of the pension schemes are included in note 24 to the financial statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Company continues. It continues to be the policy of the Company that the training, career development and promotion of disabled persons should, as far as is feasible, be identical to that of other employees.

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and through "Will2win", the Group magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests via regular meetings of the William Hill Colleague Forum.

The Group operates a Save as You Earn Share Option Scheme, which is open to all eligible employees. Options under the Scheme are granted with an exercise price up to 20% below the prevailing share price. The maximum permissible monthly saving under the Scheme is £500.

Directors

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

The directors who served throughout the period and up to the date of this report, except as noted, were:

Mr A D Steele
Mr P H Bowcock
Mr L Thomas

Going concern

The directors have prepared the financial statements on a going concern basis consistent with their view formed after making appropriate enquiries as outlined in note 2 to the financial statements.

Financial risk management and future developments

The Strategic report includes information on the Company's financial risk management and future developments.

William Hill Organization Limited

Directors' report (continued)

Auditor

Each of the directors in office at the date when this report was approved confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The confirmation should be interpreted in accordance with Section 418 of the Companies Act 2006.

Deloitte LLP is the auditor and the Company has dispensed with holding an Annual General Meeting. In accordance with Section 487 of the Companies Act 2006, Deloitte LLP will be deemed to be re-appointed to continue in office as auditor.

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



L Thomas
Director

15th June 2017

William Hill Organization Limited

Directors' responsibility Statement

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

William Hill Organization Limited

Independent auditor's report

We have audited the financial statements of William Hill Organization Limited for the 52 week period ended 27 December 2016, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 31. 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), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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 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 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 Company's affairs as at 27 December 2016 and of its profit for the 52 week period 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

William Hill Organization Limited

Independent auditor's report

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Paul Franek FCA
Senior statutory auditor
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

15 JUNE 2017

William Hill Organization Limited

Income Statement

for the 52 week period ended 27 December 2016

		52 week period ended 27 December 2016 £m	52 week period ended 29 December 2015 £m
	Note		
Revenue	4	879.0	873.9
Cost of sales		(224.5)	(220.3)
Gross profit		654.5	653.6
Other operating income		2.5	2.6
Other operating expenses		(505.2)	(481.3)
Net exceptional operating items	5	(18.4)	1.8
Operating profit		133.4	176.7
Income from shares in subsidiary undertakings and interests in associates	9	117.8	100.1
Profit before interest and tax	6	251.2	276.8
Investment income	9	13.4	10.5
Finance costs	10	(41.1)	(40.9)
Profit before tax		223.5	246.4
Tax	11	(15.0)	1.3
Profit for the financial period attributable to Owners of the Company		208.5	247.7

All transactions in the current and preceding financial period are attributable to continuing activities.

William Hill Organization Limited

Statement of Comprehensive Income for the 52 week period ended 27 December 2016

	Note	52 week period ended 27 December 2016 £m	52 week period ended 29 December 2015 £m
Profit for the period		<u>208.5</u>	<u>247.7</u>
Items that will not be reclassified subsequently to profit or loss:			
Actuarial remeasurements in defined benefit pension scheme		(17.8)	(14.9)
Tax on remeasurements in defined benefit pension scheme	21	<u>2.3</u>	<u>1.7</u>
		<u>(15.5)</u>	<u>(13.2)</u>
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of available-for-sale financial assets	17,26	<u>(4.4)</u>	<u>-</u>
		(4.4)	-
Other comprehensive loss for the period		<u>(19.9)</u>	<u>(13.2)</u>
Total comprehensive income for the period attributable to Owners of the Company		<u><u>188.6</u></u>	<u><u>234.5</u></u>

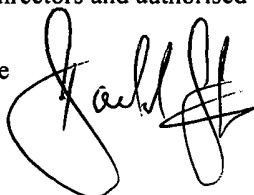
William Hill Organization Limited

Statement of Financial Position As at 27 December 2016

	Note	27 December 2016 £m	29 December 2015 £m
Non-current assets			
Intangible assets	13	844.3	842.6
Property, plant and equipment	14	178.6	178.2
Investments in subsidiaries	15	1,455.2	1,399.6
Available-for-sale investments	17,26	5.3	-
Interests in associates	16	17.1	17.1
Deferred tax assets	21	0.6	4.3
Retirement benefit asset	24	15.6	23.1
Loans receivable	17	3.1	-
Derivative financial instruments	17,26	0.3	-
		<u>2,520.1</u>	<u>2,464.9</u>
Current assets			
Trade and other receivables	18	1,038.8	756.1
Cash and cash equivalents		40.9	114.3
		<u>1,079.7</u>	<u>870.4</u>
Total assets		<u>3,599.8</u>	<u>3,335.3</u>
Current liabilities			
Trade and other payables	19	(3,368.6)	(3,115.4)
Corporation tax liabilities		(7.2)	(1.9)
Derivative financial instruments	26	(1.8)	(2.7)
		<u>(3,377.6)</u>	<u>(3,120.0)</u>
Non-current liabilities			
Provision for liabilities	20	(87.9)	(96.7)
Total liabilities		<u>(3,465.5)</u>	<u>(3,216.7)</u>
Net assets		<u>134.3</u>	<u>118.6</u>
Equity			
Called-up share capital	25	1.5	1.5
Share premium account		2.5	2.5
Other reserves		6.2	6.2
Retained earnings		124.1	108.4
Equity attributable to owners of the Company		<u>134.3</u>	<u>118.6</u>

The financial statements of William Hill Organization Limited, registered number 278208 were approved by the board of directors and authorised for issue on 15th June 2017. They were signed on its behalf by:

A D Steele
Director



William Hill Organization Limited

Statement of Changes in Equity for the 52 week period ended 27 December 2016

	Share capital £m	Share premium account £m	Translation reserve £m	Capital reserve £m	Retained earnings £m	Total equity £m
Balance at 31 December 2014	1.5	2.5	(0.2)	6.4	42.2	52.4
Profit for the period	-	-	-	-	247.7	247.7
Other comprehensive loss for the period	-	-	-	-	(13.2)	(13.2)
Total comprehensive income for the period	-	-	-	-	234.5	234.5
Dividends paid (note 12)	-	-	-	-	(175.0)	(175.0)
Credit recognised in respect of share remuneration (note 23)	-	-	-	-	6.7	6.7
Balance at 29 December 2015	1.5	2.5	(0.2)	6.4	108.4	118.6
Profit for the period	-	-	-	-	208.5	208.5
Other comprehensive loss for the period	-	-	-	-	(19.9)	(19.9)
Total comprehensive income for the period	-	-	-	-	188.6	188.6
Dividends paid (note 12)	-	-	-	-	(175.0)	(175.0)
Credit recognised in respect of share remuneration (note 23)	-	-	-	-	4.7	4.7
Tax charge on share remuneration	-	-	-	-	(2.6)	(2.6)
Balance at 27 December 2016	1.5	2.5	(0.2)	6.4	124.1	134.3

William Hill Organization Limited

Cash Flow Statement

for the 52 week period ended 27 December 2016

		52 week period ended 27 December 2016 £m	52 week period ended 29 December 2015 £m
	Note		
Net cash (to)/from operating activities	22	(143.5)	42.9
Investing activities			
Dividends received from associates and Group undertakings		80.2	90.7
Interest received on cash and cash equivalents	9	1.2	0.5
Proceeds on disposal of property, plant and equipment		1.1	0.6
Proceeds on disposal of subsidiaries	15	0.8	-
Acquisition of NeoGames S.a.r.l		-	(17.1)
Acquisition of ordinary shares and warrants in NYX Gaming Group Limited	17	(10.3)	-
Cash flows relating to loans receivable	17	(3.1)	-
Acquisition of Grand Parade		(12.0)	-
Purchases of property, plant and equipment		(29.1)	(18.5)
Expenditure on intangible assets		(7.0)	(5.3)
Net cash generated from investing activities		<u>21.8</u>	<u>50.9</u>
Financing activities			
Repayment of borrowings to William Hill PLC		(300.0)	(50.0)
Borrowings from William Hill PLC		348.3	-
Net cash generated from/(used in) financing activities		<u>48.3</u>	<u>(50.0)</u>
 Net (decrease)/increase in cash and cash equivalents in the period		 (73.4)	 43.8
Cash and cash equivalents at start of period		114.3	70.5
Cash and cash equivalents at end of period		<u><u>40.9</u></u>	<u><u>114.3</u></u>

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

1. General information

William Hill Organization Limited (the Company) is a Company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private Company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 2 to 3.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the Group accounts of William Hill PLC. The Group accounts of William Hill PLC are available to the public and can be obtained as set out in note 30. The registered office address of the parent Company preparing consolidated accounts is Greenside House, 50 Station Road, Wood Green, London N22 7TP.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015.

Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current period

In preparing the financial statements for the current period, there have been no new IFRSs, amendments to IFRSs or IFRS Interpretations Committee (IFRIC) interpretations that have been adopted by the Company.

2. Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, in the period ended 27 December 2016 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

The prior period financial statements were restated for material adjustments on adoption of FRS 101 in the current period. For more information, see note 31.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the Group accounts of William Hill PLC. The Group accounts of William Hill PLC are available to the public and can be obtained as set out in note 30.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

2. Significant accounting policies (continued)

Basis of accounting (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below. They have been applied consistently throughout the period and the prior period.

Going concern

The financial statements have been prepared using the going concern basis of accounting. The Company has net current liabilities of £2,277.6m (29 December 2015: £2,242.3m), which mainly constitute amounts owed to fellow Group undertakings, who share common directors with the Company. The directors have received written confirmation that these other Group undertakings will not demand repayment of loans or other intercompany balances due from the Company until such time as the Company is able to repay such amounts without detriment to its operation as a going concern.

A full description of the Company's business activities, financial position, cash flows and liquidity position, together with the factors likely to affect its future development and performance is set out in the Strategic report and Directors' report and the Group's committed facilities and borrowing position are set out in notes 22 and 23 within the William Hill PLC 2016 Annual Report and Accounts.

The Company meets its day-to-day working capital requirements from the positive cash flows generated by its trading activities and its available cash resources. These are supplemented when required by additional drawings under the Group's revolving credit bank loan facilities, which are committed until May 2019. Whilst there are a number of risks to the Company's trading performance, as summarised in the Strategic report, the Company is confident of its ability to continue to access funding in the medium term.

After making enquiries and after consideration of the Company's existing operations, cash flow forecasts and assessment of business, regulatory and financing risks, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

2. Significant accounting policies (continued)

Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for at cost less, where appropriate, provisions for impairment.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable from customers and represents amounts receivable for goods and services that the Company is in business to provide, net of discounts, marketing inducements and VAT as set out below.

In the case of LBO betting activity (including gaming machines), revenue represents gains and losses from gambling activity in the period. Open positions are carried at fair value and gains and losses arising on this valuation are recognised in revenue, as well as gains and losses realised on positions that have closed.

Dividend and interest income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the over the lease term,

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For the defined benefit retirement scheme, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each period end date. Actuarial remeasurements are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in Statement of Other Comprehensive Income.

The net retirement benefit asset or obligation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost plus the present value of available refunds and reductions in future contributions to the plan.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

2. Significant accounting policies (continued)

Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the period end date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each period end date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing at the period end date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities, where the changes in fair value are recognised directly in equity.

Property, plant and equipment

Land and buildings held for use in the supply of goods or services, or for administrative purposes, are stated in the Statement of Financial Position at their cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Fixtures, fittings and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual values, of each asset on a straight-line method over its expected useful life, as follows:

Freehold buildings	50 years
Leasehold properties	over the unexpired period of the lease
Fixtures, fittings and equipment	at variable rates between three and ten years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Acquisitions

On the acquisition of Licensed Betting Offices, the excess of the purchase consideration over the fair value of tangible fixed assets, other assets and liabilities acquired represents an intangible asset which is accounted for in accordance with the policy set out under intangible assets.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

2. Significant accounting policies (continued)

Intangible assets

Internally-generated intangible assets – computer software and systems

Expenditure on initial investigation and research of computer software and systems is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Company's development of computer systems is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives, generally between three and five years. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it incurred.

Licences

Betting licences recognised in acquisitions are recorded at fair value. They are judged to have an indefinite life and are accordingly not amortised but are subject to annual impairment reviews. The directors consider that the Company's licences have an indefinite life owing to: the fact that the Company is a significant operator in a well-established market; the proven and sustained demand for bookmaking services; and the Company's track record of successfully renewing its betting permits and licences.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable assets and liabilities, including separately identifiable intangible assets, of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and whenever there is an indication that an asset may be impaired.

Impairment of tangible and intangible assets

At each period end date, the Company reviews the carrying amounts of its goodwill, tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Other than for goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the point that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

2. Significant accounting policies (continued)

Impairment of tangible and intangible assets (continued)

recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits held by the Group with an original maturity of three months or less.

Receivables

Trade and other receivables do not carry any interest and are stated at their gross receivable value as reduced by appropriate allowances for estimated irrecoverable amounts.

Loans receivable

Loans receivable comprise loans granted to other parties which have fixed or determinable payments and are not quoted in an active market. These are measured at amortised cost, less impairment, with interest income recognised using the effective interest method.

Available-for-sale investments

Available-for-sale investments comprise shareholdings in entities where the Group is not in a position to have control, joint control or significant influence over the financial and operating policy decisions of the entity. These are classified as available-for-sale financial assets and are revalued to fair value at each period end with any fair value movements recognised in other comprehensive income. The fair value is measured based on the share price of the entity.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group derecognises financial liabilities when and only when the Group's obligations are discharged, cancelled or otherwise expire.

Interest-bearing borrowings

Interest-bearing borrowings are recorded at the fair value of the proceeds received, net of discounts and direct issue costs. Finance charges, including the unwinding of any discounts, premiums payable on settlement or redemption and direct issue costs, are charged on an accrual basis to the Income Statement using the effective interest method.

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. Any accrued finance costs are included in accruals within trade and other payables.

Payables

Trade and other payables are not interest-bearing and are initially measured at their fair value, and subsequently at their amortised cost.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

2. Significant accounting policies (continued)

Financial instruments (continued)

Derivative financial instruments

All derivative financial instruments are initially measured at fair value at the contract date and are subsequently remeasured to their fair value at subsequent reporting dates. Changes in fair value of any derivative instrument are recognised immediately in the Income Statement.

Ante post bets are carried at fair market value as they meet the definition of a derivative. The resulting gains and losses from bets are included in revenue. The net liability resulting from open positions is reported on the Statement of Financial Position within financial liabilities under the term 'Derivative financial instruments'.

Exceptional items

Exceptional items are those items the directors consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Company's financial performance.

Share-based payments

The Group issues equity-settled share-based payments to certain employees and operates an HMRC approved Save As You Earn (SAYE) share option scheme open to all eligible employees which allow the purchase of shares at a discount. The cost to the Company of share-based payment plans is measured at fair value at the date of grant. Fair value is expensed on a straight-line basis over the vesting period, adjusted for the Company's estimate of shares that will eventually vest.

Fair value is measured by use of the Black-Scholes-Merton pricing formula. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. Where relevant, the value of the option has also been adjusted to take into account any market conditions applicable to the option.

At each period end date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment in reserves.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme or resign from the Company. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Impairment of goodwill and intangible assets with indefinite lives

Determining whether goodwill or intangible assets with indefinite lives are impaired requires an estimation of the value in use of the cash-generating units to which the goodwill or intangible assets have been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Note 12 within the William Hill PLC 2016 Annual Report and Accounts provides information on the assumptions used, as well as the degree of sensitivity to changes in assumptions.

The Triennial Review of Stakes and Prizes is currently ongoing and recommendations from the UK Government are expected in the autumn. These could include changes to the regulation of gaming machines and a severely adverse outcome would significantly increase the risk of a material impairment of goodwill and intangible assets with indefinite lives.

Retirement benefit costs

The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension scheme depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth and mortality rates. Differences arising from actual experience or future changes in assumptions will be reflected in subsequent periods. A full triennial actuarial valuation is being carried out by a qualified independent actuary and this may lead to significant changes in the assumptions used. Note 32 within the William Hill PLC 2016 Annual Report and Accounts provides information on the assumptions used in these financial statements, including a sensitivity analysis of the principal assumptions used to measure scheme liabilities.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

4. Revenue

Revenue arises exclusively in the United Kingdom and from a single class of business.

	52 week period ended 27 December 2016 £m	52 week period ended 29 December 2015 £m
Revenue as disclosed in the Income Statement	879.0	873.9
Other operating income	2.5	2.6
Interest income (note 9)	13.4	10.5
Dividend income (note 9)	117.8	100.1
Total revenue as defined in IAS 18	<u>1,012.7</u>	<u>987.1</u>

Other operating income mostly represents rent receivable on properties let by the Company.

5. Exceptional operating items

	52 week period ended 27 December 2016 £m	52 week period ended 29 December 2015 £m
Corporate transaction costs ⁽¹⁾	(9.8)	-
Restructuring costs ⁽²⁾	(9.0)	-
VAT repayment	-	(0.2)
Shop closure costs ⁽³⁾	0.4	2.0
Exceptional operating (expense)/income	<u>(18.4)</u>	<u>1.8</u>

- (1) During the period, the Group incurred material costs relating to M&A activity, reflecting two proposed corporate transactions. These costs are presented as exceptional, since they are material in size, one-off in nature and would otherwise distort an understanding of the underlying cost base.
- (2) The Company commenced substantial corporate restructurings in the period, encompassing cost optimisation and business model initiatives. These initiatives, whose costs include fees for external advisers and the cost of staff redundancies, are substantial in scope and impact and do not form part of the recurring operational or management activities that the directors would consider as part of the Company's underlying performance. For these reasons, the directors judge the directly attributable cost impact to be exceptional.
- (3) As a result of HM Treasury's announcement in March 2014 of an increase in Machine Games Duty, the Group closed a portfolio of 108 shops during 2014 and provided for onerous leases and other expenses. The Group has exited a number of these leases in the period and the difference between provisions held and any final settlement is credited or charged to exceptional items, consistently with the original provisions.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

6. Profit before interest and tax

Profit before interest and tax for the period has been arrived at after charging/(crediting):

	52 week period ended 27 December 2016 £m	52 week period ended 29 December 2015 £m
Net foreign exchange (gains)/losses	(3.5)	(2.9)
(Gain)/loss on disposal of property, plant and equipment	(4.8)	(0.4)
Staff costs (see note 8)	258.2	240.2
Depreciation of property, plant and equipment (see note 14)	27.7	28.1
Amortisation of intangible assets (see note 13)	5.3	3.2
Profit on disposal of subsidiary	(0.7)	-
Operating lease charges – Land and buildings	54.5	54.7
Operating lease charges - Other	1.0	1.3

7. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were £10k (2015: £10k).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

8. Staff costs

The average monthly number of employees (including directors) was:

	52 week period ended 27 December 2016 Number	52 week period ended 29 December 2015 Number
Average monthly number of persons employed during the period, including directors, all of whom were engaged in the administration and provision of betting services	14,022	13,777
	14,022	13,777

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

8. Staff costs (continued)

Their aggregate remuneration comprised:

	52 week period ended 27 December 2016 £m	52 week period ended 29 December 2015 £m
Wages and salaries	227.9	208.7
Social security costs	17.2	16.8
Share-based remuneration (inclusive of provisions for social security)	5.0	6.6
Other pension net costs	8.1	8.1
	<hr/> 258.2	<hr/> 240.2
Re-measurement loss in defined benefit scheme	10.5	14.9
	<hr/> 268.7	<hr/> 255.1

Disclosure of directors' remuneration is included in note 29.

The £10.5m relating to remeasurement losses (2015: £14.9m loss) has been recognised in other comprehensive income. The remainder of staff costs were charged to the income statement, with certain staff costs relating to restructuring costs classified as exceptional operating items.

9. Investment income

	52 week period ended 27 December 2016 £m	52 week period ended 29 December 2015 £m
Interest income:		
Interest on cash and cash equivalents	1.2	0.5
Loans to Group undertakings	12.2	10.0
Total interest income	<hr/> 13.4	<hr/> 10.5
Dividend income:		
From shares in subsidiary undertakings	113.5	99.7
From interests in associates	4.3	0.4
	<hr/> 117.8	<hr/> 100.1
	<hr/> 131.2	<hr/> 110.6

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

10. Finance costs

	52 week period ended 27 December 2016 £m	52 week period ended 29 December 2015 £m
Interest payable on loans from Group undertakings	42.1	42.1
Total interest payable	42.1	42.1
Interest on net pension scheme assets or liabilities	(1.0)	(1.2)
	41.1	40.9

11. Tax

	52 week period ended 27 December 2016 £m	52 week period ended 29 December 2015 £m
Current tax:		
UK corporation tax	23.8	26.6
Adjustments in respect of prior periods	(3.5)	(20.6)
Total current taxation	20.3	6.0
Deferred tax:		
Originating and reversal of temporary differences of current period	(0.5)	4.0
Impact from changes in statutory tax rates	(5.9)	(11.7)
Adjustments in respect of prior periods	1.1	0.4
Total deferred tax (credit)/charge (note 21)	(5.3)	(7.3)
Total tax on profit on ordinary activities	15.0	(1.3)

The Company earns its profits in the UK. Therefore, the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax. The corporation tax rate was 20% for the period (52 week period ended 29 December 2015: effective tax rate of 20.25%).

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

11. Tax (continued)

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	52 week period ended 27 December 2016 £m	52 week period ended 29 December 2015 £m
Profit before taxation	223.5	246.4
Tax at the UK corporation tax rate of 20.0% (2015: 20.25%)	44.7	49.9
Impact of changes in statutory tax rates	(5.9)	(11.7)
Permanent differences	2.8	2.3
Group relief received for no consideration	(4.0)	(1.3)
Adjustments in respect of prior periods	(2.4)	(20.2)
Accrual of liabilities for uncertain provisions	3.4	-
Non-taxable income	(23.6)	(20.3)
Total tax charge for the period	15.0	(1.3)

The Company's planned level of capital investment is expected to remain at a similar level. Therefore, it expects to be able to claim capital allowances in excess of depreciation in future years, at a similar level to the current year.

Deferred tax is calculated at the tax rate that has been enacted or substantively enacted at the period end date. Given the reduction in the rate of corporation tax to 17% from April 2020 has been announced and has been substantively enacted at the period end date, deferred tax is calculated at the rate in force when the balance reverses.

12. Dividends

	52 week period ended 27 December 2016 £m	52 week period ended 29 December 2015 £m
Amounts recognised as distributions to equity holders in the period:		
Interim dividend for the period ended 27 December 2016 (equivalent to £11.92 per share, 2015: £11.92 per share).	175.0	175.0

The interim dividend was paid on 5 December 2016. No final dividend is proposed for the period ended 27 December 2016.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

13. Intangible assets

	Goodwill and Licences £m	Computer Software £m	Total £m
Cost			
At 29 December 2015	831.9	43.7	875.6
Additions	-	7.0	7.0
	<hr/>	<hr/>	<hr/>
At 27 December 2016	831.9	50.7	882.6
	<hr/>	<hr/>	<hr/>
Amortisation			
At 29 December 2015	-	33.0	33.0
Charge for the period	-	5.3	5.3
	<hr/>	<hr/>	<hr/>
At 27 December 2016	-	38.3	38.3
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 27 December 2016	831.9	12.4	844.3
	<hr/>	<hr/>	<hr/>
At 29 December 2015	831.9	10.7	842.6
	<hr/>	<hr/>	<hr/>

Licences are judged to have an indefinite life and are accordingly not amortised but are subject to annual impairment reviews. The directors consider that the Group's licences have an indefinite life owing to: the fact that the Group is a significant operator in a well-established market; the proven and sustained demand for bookmaking services; and the Group's track record of successfully renewing its betting permits and licences.

The Company considers that there is one CGU in the business as the Company's turnover and cash flows are derived from a single class of business. The CGU includes goodwill and licences, representing the other intangibles with indefinite useful lives, of £831.9m.

The Group performs an annual impairment review for goodwill and other intangible assets with indefinite lives, by comparing the carrying amount of these assets with their recoverable amount. The most recent test was conducted at 27 December 2016. Testing is carried out determining the recoverable amounts of those CGUs through value in use calculations. No impairment was identified as the recoverable amount exceeded the carrying value of the assets.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

14. Property, plant and equipment

	Land and buildings £m	Fixtures, fittings and equipment £m	Total £m
Cost			
At 29 December 2015	161.2	362.0	523.2
Additions	4.9	23.5	28.4
Disposals	(1.9)	(3.6)	(5.5)
	<hr/>	<hr/>	<hr/>
At 27 December 2016	164.2	381.9	546.1
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 29 December 2015	91.6	253.4	345.0
Charge for the period	7.0	20.7	27.7
Disposals	(1.8)	(3.4)	(5.2)
	<hr/>	<hr/>	<hr/>
At 27 December 2016	96.8	270.7	367.5
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 27 December 2016	67.4	110.2	178.6
	<hr/>	<hr/>	<hr/>
At 29 December 2015	69.6	108.6	178.2
	<hr/>	<hr/>	<hr/>

	27 December 2016 £m	29 December 2015 £m
The net book value of land and buildings comprises:		
Freehold	12.7	13.1
Long leasehold improvements	4.0	4.1
Short leasehold improvements	50.7	52.4
	<hr/>	<hr/>
	67.4	69.6
	<hr/>	<hr/>

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

15. Investments in subsidiaries

	£m
Cost	
At 29 December 2015	1,409.9
Additions ⁽¹⁾	55.7
Disposals ⁽²⁾	(0.1)
	<hr/>
At 27 December 2016	1,465.5
	<hr/>
Provisions for impairment	
At 29 December 2015 and 27 December 2016	(10.3)
	<hr/>
Carrying amount	
At 27 December 2016	1,455.2
	<hr/>
At 29 December 2015	1,399.6
	<hr/>

(1) Additions in the period consisted of the following:

- The Company's total investment in its Australian and Gibraltar-based subsidiaries increased by £42.1m due to a Group restructuring.
- On 2 August 2016, the Company acquired 100% of Grand Parade Limited ('Grand Parade'), a betting and gaming digital solutions company for £13.6m in cash and shares, excluding £0.4m of associated transaction costs incurred. Grand Parade is an award-winning software house that creates apps, websites and e-commerce platforms for the sports betting, gaming and media industries. Established in 2007, it has around 200 developers and creatives based in Bermondsey, London and Krakow, Poland. The Company acquired £0.1m of cash and cash equivalents in Grand Parade. The acquisition-date fair value of net assets acquired was £4.7m (including cash and cash equivalents), corresponding to £6.3m of assets and £1.6m of liabilities.

(2) During the period, the Company sold one of its investment property companies, The Jungle Limited, for £0.8m with a profit on disposal of £0.7m recognised in the Consolidated Income Statement in the period.

In the directors' opinion the total value of the Company's investments in its subsidiaries is not less than the amounts at which they are stated in the balance sheet. Appendix 1 at page 42 includes details of all related undertakings and forms part of these financial statements.

16. Interests in associates

	£m
Cost	
At 29 December 2015 and 27 December 2016	33.1
Provisions for impairment	
At 29 December 2015 and 27 December 2016	(16.0)
Carrying amount	
At 29 December 2015 and 27 December 2016	17.1

The investments in associates are all stated at cost less provision for impairment.

As at 27 December 2016, the Company owned 19.5% of the ordinary share capital of Satellite Information Services (Holdings) Limited ('SIS'), a company incorporated in the United Kingdom. A provision was made for the cost of the investment in 1999, to recognise an impairment in its carrying value.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

16. Interests in associates (continued)

On 7 August 2015, the Company acquired 30.9% of the ordinary share capital of NeoGames S.a.r.l (“NeoGames”), a company incorporated in Luxembourg, for a total cash consideration of US\$25.0m. As part of the acquisition, William Hill Organization Limited has an option to acquire the remaining share capital in either 2019 or 2021. The option is exercisable at the full discretion of the Company and the price payable will be determined at the time of exercise on the basis of NeoGames’s financial performance. Should the option not be exercised, other shareholders in NeoGames have the option to repurchase the Company’s stake under the same valuation mechanism. No initial value was recognised in respect of these options at acquisition and the fair value of these options was £nil at 27 December 2016.

The Company holds directly or indirectly 33% of the entire share capital of Lucky Choice Limited and of 49’s Limited. These companies were formed for the purpose of promoting and publicising certain numbers betting formats. The investment in these companies has been stated at cost.

Appendix 1 at page 42 includes details of all related undertakings and forms part of these financial statements.

17. Other investments

	<u>Non-current assets</u>	
	27 December 2016	29 December 2015
	£m	£m
Available-for-sale investments carried at fair value		
Ordinary Shares in NYX	5.3	-
Trading investments carried at fair value		
Warrants in NYX	0.3	-
Loan receivable carried at amortised cost		
Loan to NYX	3.1	-
Total other investments	<u>8.7</u>	<u>-</u>

On 20 April 2016, an investment of CAD \$18.8m (£10.3m) was made into ordinary equity of NYX Gaming Group Limited (“NYX”), representing 6.8m ordinary shares (“Ordinary Shares”), valued at £9.7m, and 1.7m warrants (“Warrants”), valued at £0.6m. The warrants each entitle the acquisition of one ordinary share at the price of CAD \$3.50 for a period of three years.

The ordinary shares are held as an available-for-sale financial asset and therefore they are revalued to fair value at each period end with any movements recognised in other comprehensive income. As at 27 December 2016 the ordinary shares investment was reflected in the financial statements as an asset of £5.3m, based on a share price of CAD \$1.29 per share, within available-for-sale investments. This led to a loss for the period of £4.4m.

The warrants are a derivative and are therefore categorised as fair value through profit or loss. These are revalued to fair value at each period end with any movements recognised in the Income Statement. As at 27 December 2016 the warrants were valued at £0.3m and held within non-current derivative financial instruments. This led to a loss in the period of £0.3m recognised within operating expenses.

On 27 May 2016, the Group agreed to loan £3.1m to NYX (“Loan”). The loan of £3.1m is interest-free and not repayable on demand. It is due for repayment in June 2020 and has therefore been classified as loans receivable in non-current assets.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

18. Trade and other receivables

	27 December 2016 £m	29 December 2015 £m
Trade receivables	7.2	0.5
Other receivables	2.5	0.8
Amounts owed by fellow Group undertakings	998.8	724.6
Prepayments	30.3	30.2
	<u>1,038.8</u>	<u>756.1</u>

There were no amounts falling due after more than one year (29 December 2015: £nil).

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

In general, amounts due to/from Group undertakings arise from normal trading activities, including financing activities, between the Company and fellow Group companies. Interest arising on intercompany balances is calculated using LIBOR plus 100 basis points.

19. Trade and other payables

	27 December 2016 £m	29 December 2015 £m
Trade payables	18.8	12.7
Amounts owed to Group undertakings	3,233.6	2,995.0
Taxation and social security	51.9	53.2
Other payables	9.9	11.0
Accruals, provisions and deferred income	54.4	43.5
Amounts falling due within one year:	<u>3,368.6</u>	<u>3,115.4</u>

The directors consider that the carrying amount of trade payables approximates their fair value.

In general, amounts due to/from Group undertakings arise from normal trading activities, including financing activities, between the Company and fellow Group companies. Interest arising on intercompany balances is calculated using LIBOR plus 100 basis points.

The Company also has outstanding loans with William Hill PLC, totalling £125m, which attract an annual interest charge at a rate of 8.5%.

Included in accruals, provisions and deferred income are provisions of £4.2m (29 December 2015: £7.3m) in respect of vacant property, being LBOs that have ceased to trade.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

20. Provision for liabilities

	27 December 2016 £m	29 December 2015 £m
Deferred tax liabilities (note 21)	(87.9)	(96.7)
	<u>(87.9)</u>	<u>(96.7)</u>

21. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	At 29 December 2015 £m	Amount credited to reserves £m	Amount credited/ (charged) to income £m	Amount credited/ (charged) to Statement of Comprehensive Income £m	At 27 December 2016 £m
Accelerated capital allowances	(3.9)	-	1.3	-	(2.6)
Held over gains	(2.6)	-	1.4	-	(1.2)
Short-term timing differences	0.9	-	(0.9)	-	-
Retirement benefit obligations	(4.2)	-	(0.9)	2.3	(2.8)
Licences and other intangibles	(86.0)	-	4.7	-	(81.3)
Share remuneration	3.4	(2.5)	(0.3)	-	0.6
	<u>(92.4)</u>	<u>(2.5)</u>	<u>5.3</u>	<u>2.3</u>	<u>(87.3)</u>
Deferred tax (asset)/liability	(92.4)	(2.5)	5.3	2.3	(87.3)

The enacted future rate of UK corporation tax of 17% (52 weeks ended 29 December 2015: 18%) has been used to calculate the amount of deferred tax. The 17% future rate of UK corporation tax was enacted in September 2016.

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances for financial reporting purposes:

	27 December 2016 £m	29 December 2015 £m
Deferred tax liabilities (note 20)	(87.9)	(96.7)
Deferred tax assets	0.6	4.3
	<u>(87.3)</u>	<u>(92.4)</u>

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

22. Notes to the cash flow statement

	52 week period ended 27 December 2016 £m	52 week period ended 29 December 2015 £m
Profit before interest and tax	251.2	276.8
Adjustments for:		
Income from shares in subsidiary undertakings and interests in associates	(117.8)	(100.1)
Depreciation of property, plant and equipment	27.8	31.3
Amortisation of intangibles	5.3	3.2
Gain on disposal of property, plant and equipment	(4.8)	(0.4)
Gain on disposal of subsidiary	(0.7)	-
Gains on early settlement of vacant property leases	(0.5)	(2.0)
Cost charged in respect of share remuneration	4.7	5.8
Defined benefit pension cost less cash contributions	(9.3)	(9.2)
Fair value movements on ante post bet liabilities	(0.9)	0.4
Revaluation of NYX warrants	0.3	-
Other non-cash movements	(16.7)	(22.3)
Operating cash flows before movements in working capital	138.6	180.3
(Increase)/decrease in receivables	(278.8)	(1.9)
Decrease/(increase) in payables	56.7	(65.4)
Cash generated by operations	(83.5)	113.0
Income taxes paid	(15.0)	(30.0)
Interest paid to William Hill PLC	(45.0)	(40.1)
Net cash (to)/from operating activities	(143.5)	42.9

In the period ended 29 December 2015, the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101. These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

The cash flow statement and notes to the cash flow statement were restated for material adjustments on adoption of FRS 101 in the current period. These adjustments are summarised as follows and have all been adjusted for the comparative figures for the period ended 29 December 2015:

- In previous reporting periods, the Company used Operating profit before exceptional items as the starting position for reporting net cash (to)/from operating activities. This presentation has now been revised and the reconciliation begins with profits inclusive of exceptional items.
- The Company previously classified income taxes paid outside of net cash (to)/from operating activities, whereas this has now been revised to a cash flow from operating activities.
- The Company previously classified interest paid to William Hill PLC outside of net cash (to)/from operating activities, whereas this has now been revised to a cash flow from operating activities.
- In previous reporting periods, other non-cash movements included the fair value movements on ante post bet liabilities and the cost charged in respect of share remuneration. This presentation has now been revised so that these items are shown separately within operating cash flows.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

23. Share-based payments

The Company had the following share-based payment schemes in operation during the period, all of which will be settled by equity of the ultimate parent company:

- (a) Performance Share Plan (PSP), Executive Bonus Matching Scheme (EBMS), Restricted Share Plan (RSP) and Retention Awards (RA), encompassing awards made in the years from 2013 to 2016;
- (b) Save As You Earn (SAYE) share option schemes, encompassing awards made in the years from 2011 to 2016.

Details of these schemes are provided in the Directors' Remuneration Report in the William Hill PLC 2016 Annual Report and Accounts on pages 68 to 89.

- (a) Performance Share Plan (PSP), Executive Bonus Matching Scheme (EBMS), Restricted Share Plan (RSP) and Retention Awards (RA)

The PSP provides conditional awards of shares dependent on the Group's Adjusted Earnings per Share (EPS) growth, Total Shareholder Return (TSR) performance and certain business performance measures over a three or four-year period as well as continued employment of the individual at the date of vesting (awards are usually forfeited if the employee leaves the Group voluntarily before the awards vest). EBMS shares are partly deferred shares conditional on continued employment of the individual at the date of vesting and partly share awards dependent on the Group's Adjusted EPS growth as well as continued employment at the date of vesting. EBMS awards must be exercised within one month from their vesting date, which is three years after their grant date. If PSP options remain unexercised after a period of ten years from the date of grant, the options lapse.

The RSP and RA are deferred grants of shares contingent upon continued employment. The awards must be exercised within one month from their vesting date, which is between one year and three years after their grant date.

The PSP, EBMS, RSP and RA are conditional awards of shares and the recipients do not have to pay an exercise price. The weighted average share price at the date of exercise for share options exercised during the period was £3.72 (52 weeks ended 29 December 2015: £3.78). The options outstanding at 27 December 2016 had a weighted average remaining contractual life of 5.5 years (29 December 2015: 4.6 years). In 2016, options were granted on the 7th March, 29th March, 12th April, 17th May, 27th June, 4th August, 1st September; 1st November; 9th November and the 2nd December. The weighted average fair value of the options granted on these dates was £3.12 per option. In 2015, options were granted on the 9th March, 11th August and the 3rd November. The weighted average fair value of the options granted on these dates was £3.60 per option.

The expense recognised (excluding employers' national insurance costs) in respect of the PSP, EBMS, RSP and RA in the 52 weeks ended 27 December 2016 was £3.3m (52 weeks ended 29 December 2015: £4.4m).

- (b) SAYE schemes

Options under the SAYE schemes, which are open to all eligible employees, are based on a two, three or five-year monthly savings contract. Options under the schemes are granted with an exercise price up to 20% below the share price when the savings contract is entered into. The options remain valid for six months beyond the end of the relevant savings contract.

The exercise prices for the 2011, 2012, 2013, 2014, 2015 and 2016 SAYE schemes were £1.40, £1.65, £3.12, £2.73, £3.03 and £2.64 respectively.

The weighted average share price at the date of exercise for share options exercised during the period was £3.28 (52 weeks ended 29 December 2015: £3.87). The options outstanding at 27 December 2016 had a weighted average remaining contractual life of 2.1 years (29 December 2015: 2.4 years). In 2016, options were granted on the 6th May. The weighted average fair value of the options granted on this date was £0.69. In 2015, options were granted on the 6th May. The weighted average fair value of the options granted on this date was £0.76.

The expense recognised in respect of the relevant SAYE schemes in the period was £1.4m (52 weeks ended 29 December 2015: £1.4m).

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

24. Retirement benefit schemes

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes available for all eligible employees. The assets of the scheme are held separately from those of the Company in funds under the control of trustees. The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to these schemes is to make the specified contributions.

The total cost charged to income in respect of the scheme represents contributions payable to these schemes by the Company at rates specified in the rules of the respective schemes. As at 27 December 2016, contributions of £1.0m (29 December 2015: £nil) due in respect of the current reporting period had not been paid over to the schemes.

Defined benefit schemes

The Company participates in a Group defined benefit scheme in the UK for eligible employees which closed to new members in 2022. Under the scheme, the employees are entitled to retirement benefits varying between 1.67% and 3.33% per cent of final salary on attainment of a retirement age of 63. With effect from 1 April 2011, the defined benefit scheme was closed to future accrual but maintains the link for benefits accrued up to 31 March 2011 with future salary increases (up to a maximum of 5% per annum). Employed members of this scheme were automatically transferred into one of the defined contribution schemes.

There is no contractual agreement or stated policy for charging the net defined benefit cost and, therefore, the ultimate parent Company, which is the sponsoring employer of the scheme, recognises the whole of the scheme surplus or deficit in its financial statements. In accordance with IAS 19, the Company recognises a cost equal to its contribution payable for the period, which in the 52 week period ended 27 December 2016 was £2.0m (52 week period ended 29 December 2015: £1.8m).

We have concluded, following professional advice, that no adjustment is required to our accounting to reflect either the recovery of the current IAS 19 surplus or a minimum funding requirement; this reflects that the Company has an unconditional right to recover that surplus in the future. We have also concluded, given that advice, that the proposed changes to IFRIC 14 would not have any effect upon our accounting treatment.

Further details of the Group defined benefit scheme are disclosed in the consolidated financial statements of the ultimate parent Company, which are available as disclosed in note 30 below.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

25. Share capital

	27 December 2016 £m	29 December 2015 £m
Called-up, authorised, allotted and fully paid:		
14,685,856 ordinary shares of 10p each	1.5	1.5
100 'B' shares of 10p each	-	-
	<u>1.5</u>	<u>1.5</u>

The 'B' shares have no voting rights and entitle the holders of the 'B' shares to receive a fixed non-cumulative dividend at the rate of 7% per annum only after holders of the ordinary shares have received dividends of £1,000 per ordinary share held. The holders are only entitled to participate in the assets of the Company on liquidation or otherwise after holders of the ordinary shares have received a return on assets of £10,000 in respect of each ordinary share held. The Company has the power and authority to purchase all or any of the 'B' shares for an aggregate consideration of £10. share held. The Company has the power and authority to purchase all or any of the 'B' shares for an aggregate consideration of £10.

26. Financial instruments

Financial instruments held at fair value

	27 December 2016 £m	29 December 2015 £m
Financial assets at fair value		
<i>Fair value through the Income Statement</i>		
Non-current derivative financial instruments (note 17)	0.3	-
<i>Available-for-sale</i>		
Investments (note 17)	5.3	-
Total financial assets at fair value	<u>5.6</u>	<u>-</u>
Financial liabilities at fair value		
<i>Fair value through the Income Statement</i>		
Current derivative financial instruments (ante post bets)	1.8	2.7
Total financial liabilities at fair value	<u>1.8</u>	<u>2.7</u>

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

26. Financial instruments (continued)

Changes in value of financial instruments carried at fair value

Profit for the period has been arrived at after charging/(crediting):

	52 week period ended 27 December 2016 £m	52 week period ended 29 December 2015 £m
(Gain)/loss on financial assets at fair value		
<i>Fair value through the Income Statement</i>		
Non-current derivative financial instruments (note 17)	0.3	-
<i>Available-for-sale</i>		
Investments (note 17)	4.4	-
Total loss in fair value of financial assets	4.7	-
(Gain)/loss on financial liabilities at fair value		
<i>Fair value through the Income Statement</i>		
Current derivative financial instruments (ante post bets)	0.8	0.4
Total loss in fair value of financial liabilities	0.8	0.4

For the financial assets acquired in the period, the change in fair value is taken from the date of acquisition to the end of the period.

Warrants

The non-current derivative financial instruments are the warrants held in NYX (note 17). These are valued using a binomial tree option pricing model and are classified as a level 3 financial instrument as some of the inputs into the model are not based upon observable market data. There are no reasonably possible changes to assumptions or inputs into the model that would lead to material changes in the fair value determined.

Ordinary shares

The available-for-sale investments are the ordinary shares in NYX (note 17). These are a level 1 financial instrument as the fair value is based on the quoted share price of NYX.

Ante post bets

Ante post bets are a liability arising from an open position at the period end date and are valued using methods and inputs that are a level 3 financial instrument as they are not based upon observable market data. All fair value movements on the balance are recognised in revenue in the income statement. There are no reasonably possible changes to assumptions or inputs that would lead to material changes in the fair value determined, although the final value will be determined by future sporting results. The principal assumptions relate to anticipated gross win margins on unsettled bets.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

27. Operating lease arrangements

	27 December 2016 £m	29 December 2015 £m
Lease payments under operating leases recognised as an expense in the period:		
Land and buildings	54.5	54.7
Other	1.0	1.3
	<u>55.5</u>	<u>56.0</u>

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	27 December 2016 £m	29 December 2015 £m
Within one year	47.7	46.6
In the second to fifth years inclusive	160.7	160.3
After five years	171.4	185.0
	<u>379.8</u>	<u>391.9</u>

Operating lease payments represent rentals payable by the Company for certain of its LBOs and office properties and amounts payable for the use of certain office and computer equipment.

28. Financial commitments

	27 December 2016 £m	29 December 2015 £m
The Company had capital commitments as follows:		
- Contracted but not provided for	0.4	3.7
	<u>0.4</u>	<u>3.7</u>

Financial commitments as at 27 December 2016 reflect various contracts signed to acquire tangible fixed assets and items of computer software.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

29. Related party transactions

Trading transactions

Associates

During the period, the Company made purchases of £49.6m (52 weeks ended 29 December 2015: £48.9m) from Satellite Information Services Limited, a subsidiary of Satellite Information Services (Holdings) Limited. At 29 December 2015 the amount receivable from Satellite Information Services Limited was £nil (29 December 2015: £nil).

The Company made no purchases from its associated undertaking, NeoGames. At 27 December 2016, no amounts were due to or from NeoGames. The Company has made available a US\$15m loan facility to NeoGames, of which US\$nil is drawn down.

All transactions with associates were made at market price.

Directors' remuneration

The directors' remuneration is set out below.

	52 week period ended 27 December 2016 £m	52 week period ended 29 December 2015 £m
Directors' remuneration:		
Emoluments	0.6	0.5
Defined contribution pension payments	-	0.1
Gain on exercise of share options	0.1	0.8
	<u>0.7</u>	<u>1.4</u>
	Number	Number
The number of directors who:		
Are members of a defined contribution scheme	3	3
Exercised options over shares in the parent Company	<u>1</u>	<u>1</u>
	£m	£m
Remuneration of the highest paid director:		
Emoluments	0.4	0.3
Defined contribution pension payments	-	-
Gain on exercise of share options	0.1	0.8
	<u>0.5</u>	<u>1.1</u>

The directors had shares potentially receivable under one or more of the Performance Share Plans (PSP), Executive Bonus Matching Scheme (EBMS), Retention Award Schemes (RA) and the Save As You Earn share option schemes (SAYE). The terms of the PSP, EBMS, RA and SAYE are provided in the accounts of the Company's ultimate parent, William Hill PLC.

The highest paid director is a member of the Company's defined benefit pension scheme and had accrued entitlements of £14,835 under the scheme at the end of the period.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

29. Related party transactions (continued)

P Bowcock was a director of William Hill PLC during the same periods as he was a director of the Company. He received emoluments of £0.6m (2015:£0.1m) from William Hill PLC during the period, but it is not practicable to allocate this sum between the companies of the Group and, accordingly, his remuneration is not included within the disclosures above.

30. Controlling party

In the opinion of the directors, the Company's ultimate parent Company and ultimate controlling party is William Hill PLC, a Company incorporated in Great Britain and registered in England and Wales. The parent undertaking of the largest and smallest group, which includes the Company and for which group accounts are prepared, is William Hill PLC, a Company incorporated in Great Britain. The Company's immediate parent company and controlling entity is Will Hill Limited, a company incorporated in Great Britain and registered in England and Wales.

The financial statements of William Hill PLC and Will Hill Limited for the period ended 27 December 2016 are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

31. Explanation of transition to FRS 101

This is the first period that the Company has presented its financial statements under FRS 101. The following disclosures are required in the period of transition. The last financial statements under a previous GAAP (pre-2015 UK GAAP) were for the period ended 29 December 2015 and the date of transition to FRS 101 was therefore 30 December 2015.

Reconciliation of equity

	At 31 December 2014 £m	At 29 December 2015 £m
Equity reported under previous UK GAAP	146.5	206.9
Adjustments to equity on transition to FRS 101		
1 Deferred tax	(94.1)	(88.3)
Equity reported under FRS 101	52.4	118.6

Note to the reconciliation of equity at 31 December 2014

(1) Deferred tax was adjusted by £94.1m at 31 December 2014. This related to differences in recognition criteria under previous GAAP (pre-2015 UK GAAP) and FRS 101. The specific deferred tax assets and liabilities affected were the following:

- The recognition of a £94.8m deferred tax liability on licences that were acquired via business combinations.
- An increase of £5.3m in the deferred tax liability recognised in relation to accelerated capital allowances, specifically relating to deferred tax on assets not qualifying for capital allowances that were acquired via business combinations.
- The recognition of a deferred tax asset of £6.0m in relation to share remuneration, specifically future tax relief on unexercised share options.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

31. Explanation of transition to FRS 101 (continued)

Reconciliation of total comprehensive income for the 52 week period ended 29 December 2015

	£m
Total comprehensive income for the financial period under previous UK GAAP	229.6
1 Deferred tax	4.9
Total comprehensive income for the financial period under FRS 101	234.5

Note to the reconciliation of profit or loss for the 52 week period ended 29 December 2015

Movements in deferred tax of £4.9m related to differences in recognition criteria under previous GAAP (pre-2015 UK GAAP) and FRS 101. The specific movement in deferred tax assets and liabilities recognised in total comprehensive income were the following:

- A £9.8m decrease in the deferred tax liability on licences that were acquired via business combinations primarily due to the reduction in the enacted tax rate used to calculate deferred tax.
- An increase in the deferred tax liability recognised in relation to accelerated capital allowances of £1.3m, relating to the deferred tax on non qualifying assets that were acquired via business combinations.
- A decrease of £3.6m in the deferred tax asset in relation to share remuneration.

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

Appendix 1 Related undertakings disclosure

This forms part of these financial statements.

The parent Company and the Company have investments in the following subsidiary undertakings and associates.

	Country of incorporation	Holding
Subsidiary undertakings		
WHG (International) Limited	Gibraltar	100%*
Willstan (IOM) Limited	Isle Of Man	100%*
WHG Trading Limited	Gibraltar	100%*
Cleveley House Limited	Guernsey	100%*
Ivy Lodge Limited	Guernsey	100%*
Les Rosiers Limited	Guernsey	100%*
St James Place Limited	Guernsey	100%*
Willstan Limited	Northern Ireland	100%*
William Hill Australia Holdings Pty Limited	Australia	100%*
A.J.Schofield Limited	Great Britain	100%*
Arena Racing Limited	Great Britain	100%*
Arthur Roye (Turf Accountants) Limited	Great Britain	100%*
Arthur Wilson Limited	Great Britain	100%*
Camec Limited	Great Britain	100%*
Betwilliamhill.com Limited	Antigua and Barbuda	100%*
Bill Taylor of Huyton Limited	Great Britain	100%*
Bookhost Limited	Great Britain	100%*
Bradlow Limited	Great Britain	100%*
Brooke Bookmakers Limited	Great Britain	100%*
Camec (Provincial) Limited	Great Britain	100%*
Camec (Scotland) Limited	Great Britain	100%*
Camec (Southern) Limited	Great Britain	100%*
City Tote Limited	Great Britain	100%*
Concession Bookmakers Limited	Great Britain	100%*
Dawcar Limited	Great Britain	100%*
Deviceguide Limited	Great Britain	100%*
Douglas Tyler Limited	Great Britain	100%*
Eclipse Bookmakers Limited	Great Britain	100%*
Evenmedia Limited	Great Britain	100%*
Regency Bookmakers (Midlands) Limited	Great Britain	100%*
Regionmodel Limited	Great Britain	100%*
Premier Bookmakers Limited	Great Britain	100%*
Trackcycle Limited	Great Britain	100%*
Transdawn Limited	Great Britain	100%*
Selwyn Demmy (Racing) Limited	Great Britain	100%*
Sherman Racing (Western) Limited	Great Britain	100%*
T H Jennings (Harlow Pools) Limited	Great Britain	100%*
William Hill Leisure Limited	Great Britain	100%*
William Hill Offshore Limited	Ireland	100%*
William Hill (Alba) Limited	Great Britain	100%*
William Hill (Bookmakers) Limited	Great Britain	100%*

*Held directly by William Hill Organization Limited

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

Appendix 1 Related undertakings disclosure (continued)

	Country of incorporation	Holding
William Hill (Caledonian) Limited	Great Britain	100%*
William Hill (Course) Limited	Great Britain	100%*
William Hill (Effects) Limited	Great Britain	100%*
William Hill (Essex) Limited	Great Britain	100%*
William Hill (Football) Limited	Great Britain	100%*
William Hill (Goods) Limited	Great Britain	100%*
William Hill (Grampian) Limited	Great Britain	100%*
William Hill Index (London) Limited	Great Britain	100%*
Willstan Racing (Ireland) Limited	Ireland	100%*
Windsors (Sporting Investments) Limited	Great Britain	100%*
Eventip Limited	Great Britain	100%*
Fred Parkinson Management Limited	Great Britain	100%*
Gearnnet Limited	Great Britain	100%*
Goodfigure Limited	Great Britain	100%*
Grand Parade Limited	Great Britain	100%*
WHG Italia S.R.L	Italy	100%*
Gus Carter (Cash) Limited	Great Britain	100%*
James Lane (Bookmaker) Limited	Great Britain	100%*
James Lane Group Limited	Great Britain	100%*
James Lane (Turf Accountants) Limited	Great Britain	100%*
John Parry (Turf Accountants) Limited	Great Britain	100%*
L.A. Attreed Limited	Great Britain	100%*
Laystall Limited	Great Britain	100%*
Matsbest Limited	Great Britain	100%*
Matsdom Limited	Great Britain	100%*
Matsgood Limited	Great Britain	100%*
Nalim Limited	Great Britain	100%*
Pandashield Limited	Great Britain	100%*
Pat Whelan (Turf Accountant) Limited	Great Britain	100%*
Phonethread Limited	Great Britain	100%*
Vickers Bookmakers Limited	Great Britain	100%*
Vynplex Limited	Great Britain	100%*
William Hill (London) Limited	Great Britain	100%*
William Hill (Midlands) Limited	Great Britain	100%*
William Hill (North Eastern) Limited	Great Britain	100%*
William Hill (North Western) Limited	Great Britain	100%*
William Hill (Northern) Limited	Great Britain	100%*
William Hill (Products) Limited	Great Britain	100%*
William Hill (Resources) Limited	Great Britain	100%*
William Hill (Scotland) Limited	Great Britain	100%*
William Hill (Southern) Limited	Great Britain	100%*
William Hill (Stock) Limited	Great Britain	100%*
William Hill (Strathclyde) Limited	Great Britain	100%*
William Hill (Supplies) Limited	Great Britain	100%*
William Hill (Wares) Limited	Great Britain	100%*
William Hill (Western) Limited	Great Britain	100%*
William Hill Steeplechase Limited	Gibraltar	100%*

*Held directly by William Hill Organization Limited

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

Appendix 1 Related undertakings disclosure (continued)

	Country of incorporation	Holding
William Hill Credit Limited	Great Britain	100%*
William Hill Employee Shares Trustee Limited	Great Britain	100%*
Willstan Racing Holdings Limited	Great Britain	100%*
Willstan Racing Limited	Great Britain	100%*
Winning Post Racing Limited	Great Britain	100%*
BJ O'Connor Limited	Jersey	100%
William Hill Australia Trading Pty Limited	Australia	100%
Centrebet International Pty Limited	Australia	100%
Tom Waterhouse NT Pty Limited	Australia	100%
WHG Spain PLC	Gibraltar	100%
William Hill (Malta) Limited	Malta	100%
WHG Services (Bulgaria) Limited EOOD	Bulgaria	100%
Cellpoint Investments Limited	Cyprus	100%
Ad-gency Limited	Israel	100%
B.B.O'Connor (Lottery) Limited	Jersey	100%
B.J.O'Connor Holdings Limited	Jersey	100%
Baseflame Limited	Great Britain	100%
Bet 888 Pty Limited	Australia	100%
Camec (Western) Limited	Great Britain	100%
Deluxe Online	Great Britain	100%
Grand Parade sp. z o.o	Poland	100%
Gus Carter Limited	Great Britain	100%
SB Services (NZ) Limited	New Zealand	100%
SBA Services Pty Ltd.	Australia	100%
Sportingbet Australia Finance LLP	Great Britain	100%
Sportingbet Australia Holdings Pty Limited	Australia	100%
Sportingbet Group Australia Pty Limited	Great Britain	100%
Sportingbet Intragroup Financing (Guernsey) Limited	Guernsey	100%
The Sporting Club and Investment Company of Ireland Limited	Ireland	100%
WHG Customer Services Philippines, Inc.	Philippines	100%
WHG IP Licensing Limited	Gibraltar	100%
William Hill Trustee Limited	Great Britain	100%
William Hill Internet Ventures Limited	Antigua and Barbuda	100%
William Hill (Alderney) Limited	Great Britain	100%
William Hill Australia Pty Limited	Australia	100%
William Hill Bookmakers (Ireland) Limited	Ireland	100%
William Hill Call Centre Limited	Ireland	100%
Centrebet Pty Limited	Australia	100%
Century Enterprises Limited	Great Britain	100%
Daniel McLaren Limited	Great Britain	100%
Demmy Investments Limited	Great Britain	100%
Dilea Secretarial Limited	Cyprus	100%
G Promotions Pty Limited	Australia	100%
Groatbray Limited	Great Britain	100%
WHG Online Marketing Spain S.A.	Spain	100%
WHG Services (Philippines) Ltd	Gibraltar	100%
WHG-IP Partnership	Gibraltar	100%

*Held directly by William Hill Organization Limited

William Hill Organization Limited

Notes to the accounts

for the 52 week period ended 27 December 2016

Appendix 1 Related undertakings disclosure (continued)

	Country of incorporation	Holding
William Hill (Edgware Road) Limited	Great Britain	100%
William Hill (IOM) 3 Limited	Isle of Man	100%
Willstan Properties Limited	Great Britain	100%
William Hill International Limited	Antigua and Barbuda	100%
Associates		
Satellite Information Services (Holdings) Limited	Great Britain	19.5%*
NeoGames S.a.r.l	Luxembourg	29.4%*
49s Limited	Great Britain	33%*
Lucky Choice Limited	Great Britain	33%*

*Held directly by William Hill Organization Limited

The proportion of voting rights held is the same as the proportion of shares held. The percentage holding represents the proportion of all classes of issued share capital owned by the Company.

The registered addresses of the key subsidiary undertakings are as follows:

Australia: Level 30, 2 Park Street, Sydney NSW 2000, Australia

Gibraltar: 6/1 Waterport Place, Gibraltar

Great Britain: Greenside House, 50 Station Road, Wood Green, London, N22 7TP

The Company also has registered dormant, non-trading and other subsidiaries in other jurisdictions, the details of which are available on request from the Company Secretary.