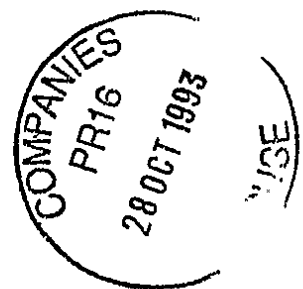


Registered Number 278208

WILLIAM HILL ORGANIZATION LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 DECEMBER 1992



WILLIAM HILL ORGANIZATION LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 1992

---

CONTENTS

Page

Officers and professional advisers	1
Directors' report	2 - 4
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 15

**WILLIAM HILL ORGANIZATION LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

---

**DIRECTORS**

Mr J M Brown  
Mr D Hart  
Mr W L Haygarth  
Mr R Lambert  
Mr J L Leach  
Mr S G Olive  
Mr B J Robinson

**SECRETARY**

Mr K M J C Hogan

**REGISTERED OFFICE**

Greenside House  
50 Station Road  
Wood Green  
London  
N22 4TP

**JOINT AUDITORS**

Leigh Carr  
Chartered Accountants  
27/31 Blandford Street  
London  
W1H 3AD

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

## **WILLIAM HILL ORGANIZATION LIMITED**

### **DIRECTORS' REPORT**

---

The Directors present their report and audited financial statements for the year ended 29 December 1992.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company is that of an intermediate parent company. The principal activity of its subsidiaries during the financial year was the operation of Licensed Betting Offices.

#### **REVIEW OF BUSINESS DEVELOPMENTS AND FUTURE ACTIVITIES**

The state of the company's affairs and trading results for the year are shown in the attached financial statements.

The Directors have declared an interim dividend of £31,000,000 for the year (1991 - £31,000,000). The retained loss for the year of £1,018,000 (1991 - profit £8,053,000) has been transferred from reserves. Total capital and reserves at 29 December 1992 amounted to £13,576,000 (1991 - £14,594,000).

The company will continue to act as an intermediate parent company for the foreseeable future.

#### **FIXED ASSETS**

Changes in tangible fixed assets are shown in note 10 to the financial statements. The Directors consider that the market value of land and buildings, at the year end was higher than the net book value which is stated at depreciated historical cost.

#### **EMPLOYEES**

The company gives full and fair consideration to the employment of disabled persons for suitable jobs. Every effort is made to continue the employment of persons who become disabled, either in the same job or in some alternative job.

The company recognises the importance of the involvement and participation of employees in its business and activities. At all levels, schemes and practices are constantly reviewed to encourage this.

# WILLIAM HILL ORGANIZATION LIMITED

## DIRECTORS' REPORT (CONTINUED)

---

### DIRECTORS

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

The Directors who served during the year and subsequently are:

Mr J M Brown  
Mr L P Cowburn (Resigned 6 April 1993)  
Mr D Hart  
Mr W L Haygarth  
Mr R Lambert  
Mr J L Leach  
Mr S G Olive  
Mr B J Robinson  
Mr K C Scobie (Appointed 8 October 1992 and resigned 11 February 1993)  
Mr C J N Ward (Resigned 6 April 1993)

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

The interests of Mr J M Brown, Mr J L Leach, Mr K C Scobie, and Mr C J N Ward in The Brent Walker Group PLC at 29 December 1992 are disclosed in that company's Annual Report.

The interests of the other directors in The Brent Walker Group PLC are nil except as noted below:

29 December 1992    1 January 1992

Mr L P Cowburn	Ordinary shares	-	1,785
Mr R Lambert	Ordinary shares	12,119	12,119

### LOAN TO DIRECTOR

Under the company's employee travel scheme an interest free loan of £2,295 was made during the financial year to Mr W L Haygarth. The amount outstanding at 1 January 1992 and 29 December 1992 was £nil.

**WILLIAM HILL ORGANIZATION LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

---

**DIRECTORS' AND OFFICERS' LIABILITY**

Directors' and officers' liability insurance has been purchased by the company as permitted by S310 (3) of the Companies Act 1985.

**AUDITORS**

Leigh Carr and Touche Ross & Co. have indicated their willingness to continue in office, and a resolution to reappoint them as joint auditors is to be proposed at the next Annual General Meeting.

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



MR K M J C HOGAN  
Secretary

28 June 1993

**WILLIAM HILL ORGANIZATION LIMITED**

**REPORT OF THE AUDITORS TO THE MEMBERS**

---

We have audited the financial statements on pages 6 to 15 in accordance with Auditing Standards.

The financial statements have been prepared on a going concern basis. The company may be called upon to satisfy certain obligations of the parent company, The William Hill Group Limited, to its bankers.

We have been advised by the auditors of the ultimate parent company that the consolidated financial statements of The Brent Walker Group PLC have similarly been prepared on a going concern basis. The validity of this basis is dependent on being able to resolve the issue in respect of deferred consideration due to Grand Metropolitan plc and to operate within the available facilities, financial covenants and other terms established by the lenders under the restructured financing arrangements. These arrangements are set out in the financial statements of the ultimate parent company, and include the restructured financing arrangements in respect of The William Hill Group Limited, as referred to in their financial statements. In addition it is stated that a number of the financial covenants have been breached by The Brent Walker Group PLC. Accordingly, they have issued an audit opinion qualified subject to uncertainty in respect of the appropriateness of the going concern assumption.

Should the matter referred to above not be satisfactorily resolved, The Brent Walker Group PLC and The William Hill Group Limited may be unable to continue trading and significant adjustments might have to be made to the financial statements of the company. Such adjustments might be required in order to restate the company's assets to their realisable amounts, to provide for any further liabilities which might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

As explained in note 1, proper accounting records as required by section 221 of the Companies Act 1985 were not maintained during this and the corresponding period, and the preparation of these financial statements has involved the estimation of certain transactions and assets and liabilities.

Subject to any adjustments that might have been necessary as a consequence of the matters referred to above, in our opinion the financial statements give a true and fair view of the state of affairs of the company as at 29 December 1992 and of its loss for the year then ended and, except for the failure to maintain proper accounting records as required by section 221 of the Companies Act 1985, in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985.

*Leigh Carr*

LEIGH CARR  
Chartered Accountants and  
Registered Auditor  
27-31 Blandford Street  
London  
W1H 3AD

*Touche Ross & Co.*

TOUCHE ROSS & CO  
Chartered Accountants and  
Registered Auditor  
Hill House  
1 Little New Street  
London EC4A 3TR

28 June 1993

WILLIAM HILL ORGANIZATION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 29 DECEMBER 1992

	Notes	1992 £'000	1991 As restated £'000
TURNOVER ON CONTINUING ACTIVITIES	3	811	352
INCOME FROM FIXED ASSET INVESTMENTS	4	22,000	31,000
OPERATING PROFIT		<u>22,811</u>	<u>31,352</u>
EXCEPTIONAL ITEM			
Sale of business	5	7,348	-
Profit on ordinary activities before taxation		<u>30,159</u>	<u>31,352</u>
Interest	7	135	-
Profit on ordinary activities before taxation		<u>30,294</u>	<u>31,352</u>
Tax on profit on ordinary activities	8	(312)	7,701
Profit on ordinary activities after taxation		<u>29,982</u>	<u>39,053</u>
Dividends	9	(31,000)	(31,000)
Retained(loss)/profit for the financial year	16	<u>(1,018)</u> =====	<u>8,053</u> =====

There are no recognised gains or losses or movements in shareholders' funds other than the loss for the financial year.

Movements in reserves are set out in note 16.



WILLIAM HILL ORGANIZATION LIMITED

BALANCE SHEET AS AT 29 DECEMBER 1992

	Note	1992 £'000	31 December 1991 £'000
<b>FIXED ASSETS</b>			
Tangible assets	10	3,955	4,245
Investments	11	12,571	12,571
		<u>16,526</u>	<u>16,816</u>
<b>CURRENT ASSETS</b>			
Debtors	12	2,043	5,091
Cash at bank and in hand		8,005	-
		<u>10,048</u>	<u>5,091</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	13	<u>(10,998)</u>	<u>(7,313)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(950)</u>	<u>(2,222)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		15,576	14,594
<b>CREDITOR: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	14	(2,000)	-
		<u>13,576</u>	<u>14,594</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	1,468	1,468
Share premium account	16	2,505	2,505
Other reserves	16	1,250	1,250
Profit and loss account	16	8,353	9,371
		<u>13,576</u>	<u>14,594</u>

Debtors includes an amount of £2,000,000 (1991: Nil) due after more than one year.

Approved by the Board of Directors and signed on behalf of the Board of Directors on 28 June 1993.

MR J M BROWN

MR R LAMBERT

*J M Brown*  
*R Lambert*

)  
) Directors

WILLIAM HILL ORGANIZATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 DECEMBER 1992

---

1. CHANGE OF OWNERSHIP AND THE ACCOUNTING RECORDS OF THE COMPANY

On 16 December 1988 Grand Metropolitan PLC acquired the Company and its subsidiaries from Sears plc. From that date the businesses of Mecca Bookmakers Limited and its subsidiaries, which were already owned by Grand Metropolitan PLC, and the Company and its subsidiaries were managed as a single business and from May 1989 many of the accounting records were maintained as if a single legal entity had been created. The work necessary to change the accounting records so that each company may be accounted for separately has not been completed. As a result it is not possible to ascertain the transactions and financial position of each company and therefore estimates and allocations have been necessary to prepare these financial statements.

On 13 December 1989 both the Company and Mecca Bookmakers Limited were acquired by The William Hill Group Limited.

The Directors consider that the integrated accounting records described above were adequately maintained during the financial year under review and fairly state all the transactions of the total business. However, inability to identify the transactions and financial position of each separate company causes the Directors to consider that section 221 of the Companies Act 1985 has not been complied with.

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

The company has given guarantees of, and security for, certain obligations of The William Hill Group Limited to its bankers.

The current position is described in detail in note 1 to the financial statements of The William Hill Group Limited for the year ended 29 December 1992.

**WILLIAM HILL ORGANIZATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 29 DECEMBER 1992**

---

**2. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards.

The significant accounting policies of the company are as follows:

**(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention.

For the reasons outlined in note 1 all operating expenses of the company, excluding depreciation, are dealt with in the financial statements of Mecca Bookmakers Limited, to which the company pays a management charge.

The financial statements have been prepared on the basis that the company will be able to continue as a going concern. The validity of this basis is dependent on The Brent Walker Group PLC ('Brent Walker') and The William Hill Group Limited being able to enter into arrangements whereby the £50 million judgment debt and accrued interest thereon due to Grand Metropolitan PLC will not be payable in full on demand but in a manner satisfactory to the lenders, to Brent Walker and The William Hill Group Limited; and Brent Walker will be able to operate within the available facilities, financial covenants and other terms established by the lenders under the restructured financing arrangements referred to in the financial statements of Brent Walker which include The William Hill Group Limited's arrangements referred to in note 16 of that company's financial statements.

**(b) Turnover**

Turnover represents amounts in respect of rents receivable and are exclusively derived in the UK.

**(c) Fixed assets and depreciation**

**Tangible assets**

Tangible assets which comprise only freehold land and buildings are stated in the balance sheet at cost less accumulated depreciation.

No depreciation is provided as in the directors' opinion annual expenditure on the buildings is sufficient to ensure that the residual value approximates to cost and therefore no provision for depreciation is required.

**Investments**

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

**WILLIAM HILL ORGANIZATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 29 DECEMBER 1992**

**2. ACCOUNTING POLICIES (continued)**

**(d) Deferred taxation**

Provision is made for deferred taxation under the liability method only where there is reasonable probability that a liability will arise in the foreseeable future.

**(e) Financial Reporting Standard (FRS) No.3 - Reporting Financial Performance**

These financial statements have been prepared in accordance with FRS 3 - Reporting Financial Performance. The comparative figures have been restated accordingly.

**3. TURNOVER ON CONTINUING OPERATIONS**

	1992 £'000	1991 £'000
Rental income	811	352

**4. INCOME FROM FIXED ASSET INVESTMENTS**

	1992 £'000	1991 £'000
Dividends receivable from shares in group undertakings	22,000	31,000

**5. EXCEPTIONAL ITEM**

	1992 £'000	1991 £'000
Sale of telephone information businesses	7,348	-

On 21 October 1992 the telephone information businesses were acquired from William Hill Leisure Limited and on the same date sold to SOVCO 479 Limited, a company formed for the purpose for a total consideration of £12.7m.

Mr W R Wilson, a director of William Hill Leisure Limited during the financial year, is a director of and shareholder in SOVCO 479 Limited.

Deferred consideration of £2,000,000 held in the form of a secured debt bearing interest at 5% has not been taken into account in arriving at the profit on disposal. Payment of the deferred consideration is subject to the prior repayment of some of the purchaser's other obligations but early repayment is to be made in the event of an onward sale of the business by the purchaser or on a flotation of the business.

WILLIAM HILL ORGANIZATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 DECEMBER 1992

6. STAFF COSTS

Directors' remuneration is as follows:

	1992 £	1991 £
Total directors' emoluments including pension contributions	437,664	374,127
Chairman	-	-
Highest paid director	106,907	110,193

	1992 No.	1991 No.
The remaining directors remuneration falls into the following bands:		
£50,001 to £55,000	-	1
£65,001 to £70,000	-	2
£75,001 to £80,000	-	1
£80,001 to £85,000	3	-
£85,001 to £90,000	1	-

The above disclosure for the current year is only in respect of directors of the company who were not directors of The William Hill Group Limited. Details of the remuneration of the directors who were also directors of The William Hill Group Limited are shown in those companies' financial statements.

The average number of employees and remuneration details in the year for the Company, Mecca Bookmakers Limited, and their subsidiaries, and Brent Walker Bookmakers Limited are disclosed in the financial statements of Mecca Bookmakers Limited.

7. INTEREST

	1992 £'000	1991 £'000
Interest receivable	135	-

WILLIAM HILL ORGANIZATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 DECEMBER 1992

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1992 £'000	1991 £'000
Adjustment in respect of prior period	-	7,824
Group relief payable	(312)	(123)
	<u>(312)</u>	<u>7,701</u>

The adjustment in respect of the prior period credited in 1991 arises as a result of the clarification of the provisional treatment of charges on income arising at the time of acquisition.

The tax charge for the period is disproportionately low due to the availability of rollover relief on the capital gain arising on the sale of the telephone information business.

9. DIVIDENDS

	Per Share		Total	
	1992 £	1991 £	1992 £'000	1991 £'000
Interim dividends	<u>2.11</u>	<u>2.11</u>	<u>31,000</u>	<u>31,000</u>

The interim dividend has been offset against intercompany balances.

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000
Cost:	
At 1 January 1992	4,629
Transfers to other group companies	(1)
Disposals	(292)
At 29 December 1992	<u>4,336</u>
Depreciation:	
At 1 January 1992	384
Disposal	(3)
At 29 December 1992	<u>381</u>
Net book value:	
At 29 December 1992	<u>3,955</u>
At 31 December 1991	<u>4,245</u>

WILLIAM HILL ORGANIZATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 DECEMBER 1992

---

11. INVESTMENTS	1992 £'000	1991 £'000
Shares in subsidiaries at cost	20,882	20,882
Less: provision for diminution in value	(8,311)	(8,311)
Net book value	<u>12,571</u>	<u>12,571</u>

There were no additions or disposals during the year.

In the directors' opinion the value of the company's investments in its subsidiaries is not less than the amounts at which they are stated in the balance sheet.

The company owns all the issued ordinary share capital of Windgore (Sporting Investments) Limited which owns all the issued share capital of each class of share of the following trading subsidiaries engaged, except for William Hill Leisure Limited, in betting services. William Hill Leisure Limited, which provided telephone information services, sold its businesses to the Company on 21 October 1992 and ceased to trade on that date.

	Proportion of share capital held
William Hill (Southern) Limited	100%
William Hill (North Eastern) Limited	100%
William Hill (North Western) Limited	100%
William Hill Credit Limited	100%
William Hill (Course) Limited	100%
William Hill Leisure Limited	100%

All trading subsidiaries operate in the United Kingdom and are registered in England and Wales.

Group accounts are not prepared because the company is a wholly owned subsidiary of another company incorporated in Great Britain, and registered in England and Wales. The company's parent and ultimate parent, The William Hill Group Limited and The Brent Walker Group PLC respectively, both prepare consolidated accounts which are available from Companies House, Crown Way, Maindy, Cardiff CF11 3UZ.

WILLIAM HILL ORGANIZATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 DECEMBER 1992

12. DEBTORS	1992 £'000	1991 £'000
Other debtors	2,000	-
Amounts due from the ultimate parent company	43	5,091
	<u>2,043</u>	<u>5,091</u>
Included in debtors are the following amounts falling due after more than one year		
Other debtors	<u>2,000</u>	<u>-</u>
13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1992 £'000	1991 £'000
Bank loans and overdrafts	-	3,536
Amounts due to parent company and fellow subsidiaries	10,567	3,313
Corporation tax	431	464
	<u>10,998</u>	<u>7,313</u>
14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1992 £'000	1991 £'000
Accruals and deferred income	<u>2,000</u>	<u>-</u>
15. CALLED UP SHARE CAPITAL		1992 and 1991 £'000
Authorised; 25,651,700 ordinary shares of 10p each		<u>2,565</u>
Allotted, called up and fully paid: 14,685,856 ordinary shares at 10p each		<u>1,468</u>



**WILLIAM HILL ORGANIZATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 29 DECEMBER 1992**

**16. RESERVES**

	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 1992	2,505	1,250	9,371	13,126
Retained (loss) for the year	-	-	(1,018)	(1,018)
Balance at 29 December 1992	2,505	1,250	8,353	12,108

**17. CONTINGENT LIABILITIES**

On 13 December 1989, The William Hill Group Limited acquired the share capitals of Mecca Bookmakers Limited and the Company. In connection with this acquisition the company provided guarantees to secure the loan facilities of The William Hill Group Limited amounting to £350 million. At 29 December 1992 the obligation guaranteed stood at £347,157,000.

The company has also provided guarantees to secure the bank overdraft of The William Hill Group Limited. At 29 December 1992 the overdraft stood at £12.17 million.

The company has guaranteed certain bank facilities of Mecca Bookmakers Limited, Camec (Credit) Limited, William Hill Credit Limited, and William Hill Leisure Limited.

**18. ULTIMATE PARENT COMPANY**

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

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