

LADBROKES LIMITED

DIRECTORS' REPORT - FOR THE YEAR ENDED 31ST DECEMBER 2000

Directors:	C Bell	(Resigned 20/03/00)
	R Carter	
	CG Miles	
	AS Ross	
	PW Usher	(Resigned 19/09/00)
	RM Wilson-Barker	(Resigned 20/03/00)
	D Bowen	(Appointed 21/09/00)
	M O'Kane	(Appointed 21/09/00)
	C Lindsey	(Appointed 01/04/01)
	M Blackmore	(Appointed 24/03/00, Resigned 13/10/00)
	A Walder	(Appointed 14/03/00, Resigned 31/08/00)

Secretary : MJ Noble

Registered Office : Maple Court, Central Park, Reeds Crescent
Watford, WD24 4QQ.

Company Number: 775667

The directors have pleasure in presenting their report and the company's accounts for the year ended 31st December 2000.

ACCOUNTS AND DIVIDENDS

The accounts for the year show a profit of £56,224,122 which must be added to the credit balance brought forward from the previous year of £721,686,405. A profit of £777,910,527 remains to be carried forward.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

During the year, Ladbrokes Limited continued with its bookmaking operations. Dividend income of £688,203 was received from subsidiary companies in the year. Turnover for the year was £1,759,401,041 and the profit before taxation was £56,224,122.

SUBSEQUENT EVENTS AND FUTURE DEVELOPMENTS

The company plans to continue its existing activities in the forthcoming years.



LADBROKES LIMITED

DIRECTORS' REPORT - FOR THE YEAR ENDED 31ST DECEMBER 2000

FIXED ASSETS

The movements in respect of fixed assets during the year are set out on notes 9, 10 and 11 to the accounts.

DIRECTORS

The directors during the year ended 31st December 2000 are shown above.

DIRECTORS' INTEREST

According to the register kept by the company pursuant to section 325 of the Companies Act 1985 the directors at 31st December 2000 and their families:-

(a) had the following interests in shares of Hilton Group plc:-

	<u>2000</u>	<u>1999</u>
10p Ordinary shares		
R Carter	618	618
AS Ross	3,480	3,480
MP O'Kane	21,493	18,417
Option to purchase 10p ordinary shares under the terms of the 1978 share option scheme ("1978 Scheme")		
R Carter	47,650	65,650
CG Miles	16,095	25,771
AS Ross	9,311	9,311
MP O'Kane	14,283	17,925
D M Bowen	28,000	28,000
Option to purchase 10p ordinary shares under the terms of the 1983 savings related share option scheme ("1983 Scheme")		
MP O'Kane	7,909	9,476
Option to purchase 10p ordinary shares under the terms of the international share option scheme ("The international scheme")		
R Carter	146,285	106,285
CG Miles	155,000	115,000
AS Ross	250,231	192,716
MP O'Kane	46,000	39,000
D M Bowen	58,243	58,243

LADBROKES LIMITED**DIRECTORS' REPORT - FOR THE YEAR ENDED 31ST DECEMBER 2000****DIRECTORS' INTEREST (continued)**

(b) were granted or exercised, during the year or period since appointment, options for the following shares of Hilton Group plc:-

Shares under the terms of

Name	1978 Scheme		1983 Scheme	
	Granted	Exercised	Granted	Exercised
R Carter	NIL	NIL	NIL	NIL
CG Miles	NIL	NIL	NIL	NIL
AS Ross	NIL	NIL	NIL	NIL
MP O'Kane	NIL	NIL	957	2,524
D M Bowen	NIL	NIL	NIL	NIL

Shares under the terms of

Name	International Scheme		Performance Share Plan	
	Granted	Exercised	Granted	Exercised
R Carter	40,000	NIL	NIL	NIL
CG Miles	40,000	NIL	NIL	NIL
AS Ross	70,000	NIL	NIL	NIL
MP O'Kane	7,000	NIL	NIL	NIL
D M Bowen	NIL	NIL	NIL	NIL

Except as shown above no director at 31st December 2000 held at that date, or at 31st December 1999 or on appointment, any interest in, or during the year or the period since appointment, was granted or exercised a right to subscribe for the shares or debentures of this company or of Hilton Group plc or its subsidiaries.

EMPLOYEE INVOLVEMENT

- i) The provision of information to employees is provided through a formalised five week briefing cycle of meetings, ten times a year, the publication of the Ladbroke Leader issued to all staff eight times a year, regular management meetings, staff notice boards and through regional initiatives with their own staff newspapers and circulars.
- ii) Consultation with employees takes place through regular departmental meetings, and for the field staff, the briefing cycle, manager meetings and cashier meetings, with views and feedback being obtained either direct or via the regional team meetings.
- iii) Three different forms of share schemes are in operation, which are administered by Hilton Group plc.
- iv) The financial and economic factors affecting the company are brought to the attention of our staff through the Annual Report of the ultimate holding company and through information given in the weekly Sales Brief and Ladbroke Leader.

LADBROKES LIMITED

DIRECTORS' REPORT - FOR THE YEAR ENDED 31ST DECEMBER 2000

DISABLED PERSONS

The policies that the company applied during the year were as follows:

- i) Full and fair consideration was given to disabled applicants for employment, having regard to their particular aptitudes and abilities.
- ii) Where an employee became disabled, the objective was to continue the provision of suitable employment either in the same or an alternative position and appropriate training was given where necessary.
- iii) Disabled employees were to share in the opportunities for training, career development and promotion.

SUPPLIER PAYMENT POLICIES

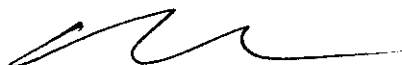
The company agrees payment terms when goods and services are ordered. It ensures that suppliers are aware of the terms of payment and the relevant terms are included in contracts where appropriate. Subject to satisfactory performance by the supplier, arrangements are adhered to when making payments. Additionally trade creditors includes amounts owed on winning bets. These are settled immediately against proof of entitlement.

At the year end, the company had an average of 1.2 days of purchases outstanding in trade creditors.

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

By Order of the Board



MJ Noble
Secretary

21 SEP 2001

LADBROKES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ACCOUNTS

The following statement, which should be read in conjunction with the statement of the auditors' responsibilities set out on page 6, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the accounts.

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for the financial year.

The directors consider that in preparing the accounts on pages 7 to 18 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed, subject to any explanations and any material departures disclosed in the notes to the accounts.

The accounts have been prepared on a going concern basis as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them and which they deem appropriate to safeguard the assets of the company and to seek to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS OF

LADBROKES LIMITED

We have audited the accounts on pages 7 to 18, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

Respective responsibilities of the directors and auditors

As described on page 5, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

As explained in Note 2, the company has not prepared group accounts, contrary to the provisions of Financial Reporting Standard No. 2 and of the Companies Act 1985. In view of this matter, in our opinion the accounts do not give a true and fair view of the state of affairs of the group at 31st December 2000 and of its profit for the year then ended.

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31st December 2000 and of the profit of the company for the year then ended.

Except for the failure to prepare group accounts, in our opinion the accounts have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

ERNST & YOUNG LLP
Registered Auditor

London

21 SEP 2001

LADBROKES LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2000**

	Notes	2000 £	1999 £
TURNOVER			
Continuing operations	3.	1,759,401,041	1,673,830,567
Acquisitions		-	135,746,945
		<u>1,759,401,041</u>	<u>1,809,577,512</u>
COST OF SALES			
Continuing operations		1,661,768,570	1,584,612,059
Acquisitions		-	132,384,340
Operating exceptional item	4.	4,753,740	7,797,218
		<u>1,666,522,310</u>	<u>1,724,793,617</u>
GROSS PROFIT			
Continuing operations		92,878,731	81,421,290
Acquisitions		-	3,362,605
		<u>92,878,731</u>	<u>84,783,895</u>
Administrative expenses - continuing operations		46,147,674	38,896,598
Administrative expenses - acquisitions		-	543,921
Other operating income -continuing operations		9,948,202	6,315,394
Other operating income -acquisitions		-	506,226
OPERATING PROFIT			
Continuing operations		56,679,259	48,840,086
Acquisitions		-	3,324,910
	4.	<u>56,679,259</u>	<u>52,164,996</u>
Income from shares in subsidiaries	4.	688,203	227,000
Interest receivable	5.	1,466,718	576,561
Interest payable	6.	(1,527,195)	(6,167,691)
Permanent diminution in Investment	4.	(1,082,863)	(1,172,813)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
		56,224,122	45,628,053
Taxation	8.	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			
		<u>56,224,122</u>	<u>45,628,053</u>
Dividends		-	-
RETAINED PROFIT FOR THE YEAR			
		56,224,122	45,628,053

No recognised gains or losses other than the profit for the year arose during the year.

BALANCE SHEET
AS AT 31ST DECEMBER 2000

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
FIXED ASSETS			
Intangible assets	9.	722,322,820	724,158,821
Tangible assets	10.	83,448,661	71,777,243
Investments	11.	26,256,877	21,679,556
		<u>832,028,358</u>	<u>817,615,620</u>
CURRENT ASSETS			
Stocks	12.	2,260,485	1,542,778
Debtors	13.	70,615,703	36,165,346
Cash at bank and in hand		16,702,744	10,089,584
		<u>89,578,932</u>	<u>47,797,708</u>
CREDITORS: amounts falling due within one year			
Bank loans and overdrafts		4,581,827	1,088,017
Other creditors	14.	129,044,212	131,245,350
		<u>133,626,039</u>	<u>132,333,367</u>
NET CURRENT LIABILITIES			
		<u>(44,047,107)</u>	<u>(84,535,659)</u>
TOTAL ASSETS LESS TOTAL CURRENT LIABILITIES			
		787,981,251	733,079,961
CREDITORS: amounts falling due after more than one year			
	15.	170,001	740,016
PROVISIONS FOR LIABILITIES AND CHARGES			
	16.	6,645,420	7,398,237
		<u>781,165,830</u>	<u>724,941,708</u>
CAPITAL AND RESERVES			
Called up share capital	18.	3,255,303	3,255,303
Profit and loss account	19.	777,910,527	721,686,405
Equity Shareholders' funds		<u>781,165,830</u>	<u>724,941,708</u>

C Miles

Director

Dated :

CGH.

21 SEP 2001

LADBROKES LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31ST DECEMBER 2000

1. FUNDAMENTAL ACCOUNTING CONCEPT

The accounts have been prepared on a going concern basis because the directors of Hilton Group PLC have agreed to defer settlement, for the foreseeable future, of any amounts payable by Ladbrokes Limited to Hilton Group companies, if such repayment would result in the inability of the Company to meet any other debts as and when they might fall due.

2. ACCOUNTING POLICIES

2.1 Basis of Accounting

The accounts are prepared under the historical cost convention and all applicable UK Accounting Standards have been complied with, except that group accounts which are required by Financial Reporting Standard No 2 and the Companies Act 1985, as a consequence of the company's immediate parent undertaking not being an EC registered company, have not been prepared.

2.2 Leased assets

Where assets are held under finance leases, the capital element of the rental obligations is included in creditors and assets are held in the balance sheet at cost less depreciation. The finance charge element of rentals payable is charged to the profit and loss account in proportion to the future obligations outstanding. Rentals in respect of operating leases are charged to the profit and loss account as incurred.

2.3 Licences

The Company capitalises acquired intangible assets (Betting office licences) and reviews their value annually with a view to write down if an impairment arises. Betting Offices licences are held at their historical cost to the Company at their date of purchase, less any amount written off for impairment. The costs taken into account include the costs of acquiring or obtaining the licence.

2.4 Depreciation

Betting office licences

Betting office licences are not depreciated as they are regarded as having indefinite lives.

Tangible assets

Tangible assets which include short leasehold properties, equipment and other miscellaneous assets are depreciated on a straight line basis at the following rates:-

Short leasehold property	Over the term of the lease
Plant	7.5%
Furniture, fixtures & fittings	10%
Signs	20%
Equipment	12.5% - 33.3%
Consumable equipment & computers	20%
Mobile Betting Units	10%
Motor Vehicles	25%

These rates are considered appropriate to write down costs to residual value on a straight line basis over the term of their estimated useful lives.

Freehold land is not depreciated

Freehold buildings are written off over a period of 50 years or the estimated life of the building, whichever is less.

Leasehold properties are written off on a straight line basis over the remaining life of the lease.

LADBROKES LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31ST DECEMBER 2000

2.5 Stock

Stocks are stated at the lower of cost and net realisable value.

2.6 Taxation

No provision for current or deferred taxation has been made, as an undertaking has been received from the company's ultimate holding company, Hilton Group plc, that the latter will assume all liabilities for taxation, including those arising as a result of the reversal of timing differences.

2.7 Foreign Currencies

Day to day transactions in foreign currencies are recorded in sterling at the transaction date rates and monetary assets and liabilities at the balance sheet date are translated at year end rates of exchange. Exchange gains or losses arising on the translation are reported as part of the operating profit of the year.

2.8 Pension Fund

Contributions to Hilton Group plc's pension scheme are based on triennial actuarial valuations and are charged to the Hilton Group's consolidated profit and loss account so as to spread the cost of pensions over employees' working lives with the Group. The Hilton Group's pension schemes are funded in accordance with actuarial advice and contributions by both the Group and employees are held in trust administered funds independent of the group's finances.

Ladbrokes Limited are advised by the Hilton Group of the amounts payable, if any, and account for their pension costs as employers on the basis of the amount so advised.

3. TURNOVER

Turnover represents management charges receivable from subsidiaries and other group companies and gross stakes less void bets. It is attributable to one geographical region, the United Kingdom.

LADBROKES LIMITED**NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31ST DECEMBER 2000****4. 4a. OPERATING PROFIT**

is stated after charging :

	<u>2000</u>	<u>1999</u>
	£	£
Management charges payable to group companies	40,441,009	41,000,189
Goodwill Written off	-	4,094,909
Depreciation of tangible assets		
Leased	1,156,011	296,403
Other	11,186,365	12,520,051
Auditors' remuneration - audit services	129,000	115,000
Auditors' remuneration - other	-	154,219
Hire of plant and equipment	9,188,448	9,155,870
and crediting:		
Rents receivable	3,735,395	3,678,529
Vending income	<u>1,212,980</u>	<u>1,143,071</u>

Included in the 1999 figure for other auditors' remuneration is £77,550 in relation to the Coral completion accounts audit.

4b. OPERATING EXCEPTIONAL ITEM

	<u>2000</u>	<u>1999</u>
	£	£
Write down of Intangible Fixed Assets	2,845,559	3,196,538
Write down of Tangible Fixed Assets	2,652,203	752,680
Amount released for onerous lease commitments	(744,022)	3,848,000
	<u>4,753,740</u>	<u>7,797,218</u>

The above costs are due to the write-down in carrying value of Tangible and Intangible Fixed Assets and the credit is due to the part release of provisions for future lease commitments, in relation to the closure of licensed betting offices, where the relevant leases have been re - assigned.

4c. INCOME FROM SHARES AND SUBSIDIARIES

	<u>2000</u>	<u>1999</u>
	£	£
Income from shares in subsidiaries	688,203	227,000

The income from shares in subsidiaries is a non recurring item as the assets and the liabilities of the subsidiaries have been transferred to Ladbrokes Limited, and as the majority of these subsidiaries are going to be struck off in the near future.

4d. PERMANENT DIMINUTION IN INVESTMENT

	<u>2000</u>	<u>1999</u>
	£	£
Permanent Diminution in Investment	1,082,863	1,172,813

Permanent diminution in value of Investments has arisen due to the process of subsidiaries transferring their distributable profits to Ladbrokes Ltd. (as noted in Note 4c). The carrying value of Investments in these subsidiaries has been written-down to reflect the reduced net asset values in the respective subsidiary balance sheets.

5. INTEREST RECEIVABLE

	<u>2000</u>	<u>1999</u>
	£	£
From group companies	1,415,088	495,988
Other interest	51,630	80,573
	<u>1,466,718</u>	<u>576,561</u>

6. INTEREST PAYABLE

	<u>2000</u>	<u>1999</u>
	£	£
To group companies:-		
lease interest	301,215	304,006
other interest	1,184,808	5,801,558
Loan notes	28,965	46,018
Other interest	12,207	16,109
	<u>1,527,195</u>	<u>6,167,691</u>

LADBROKES LIMITED**NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31ST DECEMBER 2000****7. DIRECTORS AND EMPLOYEES**

7.1 Directors emoluments	<u>2000</u>	<u>1999</u>
	£	£

Emoluments	<u>1,174,259</u>	<u>952,918</u>
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No.	No.
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Members of defined benefit pension scheme	7
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The amounts in respect of the highest paid director are as follows :	<u>2000</u>	<u>1999</u>
	£	£

Emoluments	<u>243,645</u>	<u>216,826</u>
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Directors emoluments for the highest paid director include pension contributions of £26,676.

7.2 Employee staff costs

<u>2000</u>	<u>1999</u>
£	£

Wages and salaries	98,518,522	94,824,971
Employer's social security costs	6,812,788	6,541,898
Employer's pension costs	<u>2,863,630</u>	<u>-</u>
	<u>108,194,940</u>	<u>101,366,869</u>

7.3 The average number of persons employed by the company, including directors, during the year was as follows:-

<u>2000</u>	<u>1999</u>
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Full-time	7,143	6,965
Part-time	<u>3,894</u>	<u>3,839</u>
	<u>11,037</u>	<u>10,804</u>

8. TAXATION

<u>2000</u>	<u>1999</u>
£	£

<u>-</u>	<u>-</u>
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No provision for taxation has been made in these accounts for U.K. corporation tax, as an undertaking has been received from the company's ultimate holding company, Hilton Group plc, that the latter will assume all liabilities for any such taxation which may include covering such tax liabilities for surrender of group relief and ACT free of charge.

9. INTANGIBLE FIXED ASSETS

	<u>Licences</u>	<u>Total</u>
Cost:		
At 1st January 2000	724,158,821	724,158,821
Additions	1,009,558	1,009,558
Written off	<u>(2,845,559)</u>	<u>(2,845,559)</u>
At 31st December 2000	<u>722,322,820</u>	<u>722,322,820</u>

Amounts written off Cost of Licences relate to the write-down of licence carrying values due to the closure of licensed betting offices.

LADBROKES LIMITED
NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31ST DECEMBER 2000
10. TANGIBLE FIXED ASSETS

	Furniture Fixtures & Fittings £	Leased Assets £	Motor Vehicles £	Freehold Property £	Long Leasehold Property £	Short Leasehold Property £	Total £
Cost:							
At 1st January 2000	154,910,743	4,014,163	40,433	9,655,758	607,916	1,662,679	170,891,692
Additions	22,601,610	7,502,922		219,941	22,204	524,037	30,870,714
Disposals	(5,627,905)	(114,087)		(541,367)		(9,511)	(6,292,870)
Transfers to other group companies	(2,291,974)						(2,291,974)
Reclassification	(340,481)		47,168	79,449		213,864	0
At 31st December 2000	<u>169,251,993</u>	<u>11,402,998</u>	<u>87,601</u>	<u>9,413,781</u>	<u>630,120</u>	<u>2,391,069</u>	<u>193,177,562</u>
Depreciation:							
At 1st January 2000	96,456,946	448,155	40,432	798,872	209,113	1,160,931	99,114,449
Charge for the Year	10,750,560	1,156,011		100,272	(3,020)	338,553	12,342,376
Disposals	(1,595,442)	(79,475)		(48,378)		(4,629)	(1,727,924)
Reclassification	(46,456)		46,456				
At 31st December 2000	<u>105,565,608</u>	<u>1,524,691</u>	<u>86,888</u>	<u>850,766</u>	<u>206,093</u>	<u>1,494,855</u>	<u>109,728,901</u>
Net book value at 31 December 2000	<u>63,686,385</u>	<u>9,878,307</u>	<u>713</u>	<u>8,563,015</u>	<u>424,027</u>	<u>896,214</u>	<u>83,448,661</u>
Net book value at 31 December 1999	<u>58,453,798</u>	<u>3,566,008</u>	<u>1</u>	<u>8,856,886</u>	<u>398,803</u>	<u>501,748</u>	<u>71,777,243</u>

LADBROKES LIMITED**NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31ST DECEMBER 2000****11. INVESTMENTS**Shares in
subsidiary
companies

Cost :	
1st January 2000	21,679,556
Additions	5,660,184
Permanent diminution in investment	(1,082,863)

Net book value at 31st December 2000	<u>26,256,877</u>
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Net book value at 31st December 1999	<u>21,679,556</u>
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On 14th October 2000, the company acquired all the shares of John Smith Bookmakers Limited and it's subsidiary M & S Racing Limited for £4,582,133. On 29th August 2000 Ladbrokes Limited acquired all the shares in Yagra Limited for £1,078,051.

Shares in subsidiary companies

This represents the company's investment in the following principal subsidiary companies:-

	<u>% Issued Share Capital held by company and/or by subsidiary</u>			<u>Share Capital a Reserves</u>
	<u>Ordinary</u>	<u>Preference</u>	<u>Unclassified</u>	
Margolis and Ridley Limited	100.0			21,000
Hector Macdonald Limited	100.0			3,539
The Demmy Leisure Group Limited	100.0			11,000
Henry Jones (Neston) Limited	100.0			150
Bernard Murphy & Son Limited	100.0	100.0		72,100
Oxlow Bookmakers Limited	100.0			2,000
W.H. Jerram Limited	100.0			1,000
Ron Hooper & Son (Bookmakers) Limited	100.0			250
John Sampson (Bookmakers) Limited	100.0			100
Caledonian Racing (1984) Limited	100.0			250,000
Ray Strong (Sports Services) Limited	100.0			2,200
W.S. Murphy Limited	100.0	100.0		50,000
Ladbroke (Turf Accountants) Limited		100.0	100.0	220,260
Rowland Clark Limited	100.0			600
Hayling Racing (Successors) Limited	100.0			100
Multisport Bookmakers Limited	100.0			6
James London (Telford) Limited	100.0			100
Nelson Bookmakers (London) Limited	100.0			100

LADBROKES LIMITED**NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31ST DECEMBER 2000****11. INVESTMENTS (continued)**

	<u>% Issued Share Capital held by company and/or by subsidiary</u>			<u>Share Capital a</u>
	<u>Ordinary</u>	<u>Preference</u>	<u>Unclassified</u>	<u>Reserves</u>
Ganton House Investments Limited	100.0			28,166,786
Birchgree Limited	100.0			3,352,597
Ladbroke Sporting Spreads Limited	100.0			1,345,383
Jean Cowan (Holdings) Limited	100.0	100.0		10,933,328
Sabrinet Limited	100.0			80,877
Ladbroke (Channel Islands) Limited	100.0			
Ladbroke Leasing (South East) Limited	100.0			(573,630)

The above subsidiaries have neither a profit nor a loss in the year apart from the following:

	<u>Profit / (Loss)</u>
	<u>£</u>
Ganton House Investments Limited	9,684,889
Birchgree Limited	192,917
Ladbroke Sporting Spreads Limited	93,731
Jean Cowan (Holdings) Limited	(2,909,596)
Sabrinet Limited	36,051
Ladbroke (Channel Islands) Limited	
Ladbroke Leasing (South East) Limited	(705,848)

All the companies above are registered in England and Wales with the exception of Ladbroke (Channel Islands) Limited which is registered in Jersey. All the companies act as bookmaking companies, with the exception of Ganton House Investments Limited, which acts as a property and investment holding company and Sabrinet Limited and Ladbroke Leasing (South East) Limited which act as leasing companies. Some of these companies will be wound up in the near future.

The companies listed above include all those which principally affected the amount of profit and assets of the company. A full list of subsidiary and other related companies will be annexed to the next annual return of the company to be filed with the Registrar of Companies.

12. STOCKS

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Trading Stocks	1,444,881	851,620
Stationery	628,912	518,854
Vending	186,692	172,304
	<u>2,260,485</u>	<u>1,542,778</u>

The directors are of the opinion that the replacement value of these stocks is not significantly different from the values shown above.

13. DEBTORS

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Amounts owed by group undertakings		
Holding company	23,818,453	-
Fellow subsidiary companies	19,135,502	20,781,670
Subsidiary companies	3,308,542	227,000
Other debtors	4,051,577	2,672,163
Prepayments	20,301,629	12,484,513
	<u>70,615,703</u>	<u>36,165,346</u>

Amounts due from group companies are included under amounts falling due within one year where there are no specified terms as to their payment. Although the directors are of the opinion that, in the ordinary course of business, repayment within such a time scale would not be required, amounts due from group companies are technically repayable on demand and hence are included in debtors falling due within one year.

LADBROKES LIMITED**NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31ST DECEMBER 2000****14. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR**

		<u>2000</u>	<u>1999</u>
		£	£
Trade creditors	(a)	5,152,918	4,823,843
Amounts due to group undertakings			
Holding company	(b)	-	40,405,677
Fellow subsidiary companies		20,956,987	7,411,480
Subsidiary companies		52,890,962	42,101,210
Other taxes and social security costs		2,817,249	3,671,954
Other creditors		5,958,113	918,536
Accruals		31,354,384	23,636,413
Duty		8,576,039	6,678,685
Levy		1,337,560	1,597,552
		<u>129,044,212</u>	<u>131,245,350</u>

(a) Loan notes were issued by the company in connection with the acquisition of certain businesses and are repayable within one to ten years after issue at the request of the holder. These have now been reclassified to more than one year (see Note 15).

(b) Amounts due to group companies are included under amounts falling due within one year where there are no specified terms as to their repayment. While amounts due to group companies are technically repayable on demand and hence are included in creditors falling due within one year, the directors are of the opinion that, in the ordinary course of business, repayment within such a time scale would not be required.

15. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>2000</u>	<u>1999</u>
	£	£
Amounts due to group undertakings		
Subsidiary companies	170,001	740,016
	<u>170,001</u>	<u>740,016</u>
 In five years or more	 170,001	 740,016
	<u>170,001</u>	<u>740,016</u>

The balance shown in 1999 relates to the loan notes described above in Note 14a. These have been reclassified due to an extension to the repayment period.

16. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Onerous Lease</u> <u>Commitments for</u> <u>discontinued premises</u>	<u>Dilapidations</u> <u>Provision</u>	<u>Total</u>
	£	£	£
Provision at 31/12/1999	5,597,000	1,801,237	7,398,237
Provided during the year	1,684,888	-	1,684,888
Utilised	(683,251)	(8,795)	(692,046)
Released during the year on leases re-assigned	(1,745,659)	-	(1,745,659)
Provision at 31/12/2000	<u>4,852,978</u>	<u>1,792,442</u>	<u>6,645,420</u>

The onerous lease provisions are expected to be fully utilised when the relevant leases expire. This is expected to be within a range of 1 to 20 years from the balance sheet date. The dilapidations provision relates to costs of meeting obligations under the terms of the leases.

LADBROKES LIMITED**NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31ST DECEMBER 2000****17. OBLIGATIONS UNDER FINANCE LEASES**

The future minimum lease payments to which the company is committed under leases are:-

Leases expiring	<u>2000</u>	<u>1999</u>
	£	£
within one year	759,952	296,397
two to five years	12,331,458	1,028,617
over five years	905,546	2,453,143
	<u>13,996,956</u>	<u>3,778,157</u>

18. SHARE CAPITAL

Authorised:

	<u>2000</u>	<u>1999</u>
	£	£
'A' Shares of £1 each		
Ordinary shares of £1 each	100,000	100,000
	3,500,000	3,500,000
Allotted, called up and fully paid:	<u>3,600,000</u>	<u>3,600,000</u>
'A' Shares of £1 each		
Ordinary shares of £1 each	100,000	100,000
	3,155,303	3,155,303
	<u>3,255,303</u>	<u>3,255,303</u>

The 'A' shareholders have equivalent rights to the ordinary shareholders.

19. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital	Profit and Loss Account	Total
	£	£	£
At 1st January 1999	3,255,303	676,058,352	679,313,655
Profit for the year		45,628,053	45,628,053
At 1st January 2000	3,255,303	721,686,405	724,941,708
Profit for the year		56,224,122	56,224,122
At 31st December 2000	<u>3,255,303</u>	<u>777,910,527</u>	<u>781,165,830</u>

20. PENSIONS

The company is a jointly owned subsidiary of Cayman Investments Number 1 and Town and County Factors Limited which are both wholly owned subsidiaries of Hilton Group plc which operates a number of schemes in the UK, almost entirely of the defined benefit type. The schemes are held in separate trustee administered funds.

Contributions to the Hilton Group scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group. The contributions are determined by a qualified actuary on the basis of valuations, the latest of which were carried out between 1996 and 1999.

Ladbroke's Limited are advised by the Hilton Group of the amounts payable, if any, and account for their pension costs as employers on the basis of the amount so advised.

Full details of the pension schemes are given in the accounts of Hilton Group plc.

LADBROKES LIMITED**NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31ST DECEMBER 2000****21. FINANCIAL COMMITMENTS**

The annual commitment under non-cancellable operating leases at 31st December 2000 was as follows:-

	<u>Land and Buildings</u>		<u>Other</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	£	£	£	£
Operating leases which expire:				
within one year	77,500	141,650	847,211	305,000
within one to five years	36,815	63,450	686,437	833,050
in over five years	2,529,396	1,857,346	-	
	<u>2,643,711</u>	<u>2,062,446</u>	<u>1,533,648</u>	<u>1,138,050</u>

22. CAPITAL COMMITMENTS

	<u>2000</u>	<u>1999</u>
	£	£
Authorised by the board but not contracted for	1,555,576	2,321,000
Contracted to third parties	<u>1,555,576</u>	<u>2,321,000</u>

23. CASH FLOW STATEMENT

The company has taken advantage of FRS1 which exempts wholly owned subsidiaries from preparing a cash flow statement. The ultimate parent company Hilton Group plc has included the required consolidated cash flow statement within its consolidated financial statements.

24. CONTINGENT LIABILITY

The company has jointly and severally guaranteed the Value Added Tax liability of other Hilton Group companies within the group registration, amounting to approximately £12,285,405 as at 31st December 2000 (1999 - £11,220,636).

Under the terms of a cross guarantee agreement, the company has jointly and severally guaranteed the liabilities of certain other Hilton Group companies in respect of their current accounts held with UK clearing banks. The amounts under the guarantees are limited to any credit balances on current accounts held by the company with these banks. At 31st December 2000, the aggregate amount of such credit balances was £200,094 (1999, £5,676).

25. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The company is a jointly owned subsidiary of Cayman Investments No 1 (96.93 % interest) and Town & County Factors Limited (3.87% interest). Both of these companies are wholly owned subsidiaries of Hilton Group PLC, the ultimate holding company of Ladbrokes Limited.

The Ladbrokes Limited accounts are consolidated in the group accounts of Hilton Group PLC, a company registered in England and Wales, the accounts of which are available from the registered office of that company at Maple Court, Central Park, Reeds Crescent, Watford. WD24 4QQ.

26. RELATED PARTY TRANSACTIONS

The company has taken advantage of FRS8 which exempts subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, from disclosing transactions with entities that are part of the group or investees of the group qualifying as related parties.