

LADBROKE RACING (WEST MIDLANDS) LIMITED

DIRECTORS' REPORT - FOR THE YEAR ENDED 31 DECEMBER 2008

Directors: J C Baty (resigned 18 March 2009)
M J Noble
V Parnar
A J Wilson (appointed 18 March 2009)

Secretary : Ganton House Investments Limited (Resigned 30 October 2008)
Ladbroke Corporate Secretaries Limited (Appointed 30 October 2008)

Registered Office : Imperial House, Imperial Drive, Rayners Lane,
Harrow, Middlesex, HA2 7JW

Company Number: 889875

The directors present their report and the company's accounts for the year ended 31 December 2008.

RESULTS AND DIVIDENDS

The accounts for the year show loss after taxation of £70,981,401 (2007: £21,697,850), after receiving a dividend of £9,218,000 (2007: £21,704,200). The directors do not recommend payment of a dividend (2007: Nil).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

During the current financial year the company was an investment holding company. The company did not trade with any external parties.

The results of the company for the year arise from a dividend received of £9,218,000 (2007: £21,704,000) from its subsidiary Ladbroke & Co Limited in which it holds a shareholding of 8.38%. Additionally the company has received interest on balances owed by other group companies. Interest is received quarterly.
At 31st December 2008 the company undertook a review of the carrying value of its investment resulting in a provision of £80,200,000 in Ladbroke & Co Limited.

There have been no changes in the company's activities during the year.

The company's key financial performance indicators during the year were as follows:

	2008 £	2007 £	change %
Dividend received	9,218,000	21,704,200	(58)
Interest received	2,460,599	1,149,650	114
Amount owed from group companies	47,683,387	38,464,788	24

Due to the limitation of activities undertaken by this company no other key performance indicators are relevant.

PRINCIPAL RISKS AND UNCERTAINTIES

Ladbroke's plc reviews and evaluates key risks and uncertainties faced by the group as part of the divisional reviews undertaken at its regular board meetings. The impact of risks and uncertainties of the company is considered as part of this review process.

The company's principal risks arise from changes in interest rates, which affect the balances with other group companies and interest due on those balances.

FUTURE DEVELOPMENTS

The company does not anticipate any changes in its activity in the forthcoming year.

WEDNESDAY



A21 *AKS1EH0* 197
28/10/2009
COMPANIES HOUSE

LADBROKE RACING (WEST MIDLANDS) LIMITED

DIRECTORS' REPORT - FOR THE YEAR ENDED 31 DECEMBER 2008

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year Ladbrokes plc purchased and maintained on behalf of the company liability insurance for its directors and officers as permitted by section 310 (3) of the Companies Act 1985.

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the directors in office as of the date of approving this report confirm that so far as they are aware, there is no relevant audit information (being information needed by the auditor in connection with preparing its report) of which the auditor is unaware and that they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board



Ladbroke Corporate Secretaries Limited
Secretary

Date:

20/10/09

LADBROKE RACING (WEST MIDLANDS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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).

The financial statements are required by law to 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 judgements and 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADBROKE RACING (WEST MIDLANDS) LIMITED

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London

Date:

20 OCTOBER 2009

LADBROKE RACING (WEST MIDLANDS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

	<u>Notes</u>	<u>2008</u> £	<u>2007</u> £
Income from investments in subsidiaries	4.	9,218,000	21,704,200
Interest receivable	6.	2,460,599	1,149,850
Amounts written off investments	7.	(80,200,000)	-
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2.	(68,521,401)	22,853,850
Taxation	8.	(2,460,000)	(1,156,000)
		<hr/>	<hr/>
(LOSS)/ PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE YEAR	11.	<u>(70,981,401)</u>	<u>21,697,850</u>

All of the company's activities are from continuing operations.

The company has no other recognised gains or losses for the year ended 31 December 2008 (2007: none).

LADBROKE RACING (WEST MIDLANDS) LIMITED

BALANCE SHEET AT 31 DECEMBER 2008

	<u>Notes</u>	<u>2008</u> £	<u>2007</u> £
FIXED ASSETS			
Investments	7.	<u>69,800,000</u>	<u>150,000,000</u>
CURRENT ASSETS			
Debtors	8.	<u>47,683,387</u>	<u>38,464,788</u>
NET ASSETS		<u>117,483,387</u>	<u>188,464,788</u>
CAPITAL AND RESERVES			
Called up share capital	10.	150,000,002	150,000,002
Profit and loss account	11.	(32,516,615)	38,464,786
EQUITY SHAREHOLDERS FUNDS		<u>117,483,387</u>	<u>188,464,788</u>



A J Wilson
Director

Date: 20/10/09

LADBROKE RACING (WEST MIDLANDS) LIMITED**NOTES TO THE ACCOUNTS - FOR THE PERIOD ENDED 31 DECEMBER 2008****1. ACCOUNTING POLICIES****1.1 Basis of preparation**

The financial statements have been prepared under the historical cost convention, except where indicated below. They have been drawn up to comply with applicable UK accounting standards.

The accounting policies adopted by the company are set out below and are consistent with those of the previous financial year.

1.2 Investments

Investments are held at cost less any provision for impairment.

2. OPERATING PROFIT

The audit fee for the company of £3,500 has been borne by another group company (2007: £1,300).

3. DIRECTORS AND EMPLOYEES

The directors' emoluments are borne entirely by other group companies and it is not practicable to estimate what portion of their emoluments is attributable to this subsidiary. The directors, all of whom are members of a Ladbrokes plc defined benefit pension scheme, received total remuneration for the year of £498,594 (2007: £808,403).

All operations of the company are undertaken by employees of other group companies, and their respective emoluments have not been included in these financial statements.

4. INCOME RECEIVED FROM SHARES IN GROUP UNDERTAKINGS	<u>2008</u>	<u>2007</u>
	£	£
Dividends received from group companies	<u>9,218,000</u>	<u>21,704,200</u>

5. INTEREST RECEIVABLE	<u>2008</u>	<u>2007</u>
	£	£
From group companies	<u>2,460,599</u>	<u>1,149,650</u>

6. TAXATION**(a) Tax on profit on ordinary activities**

The tax charge is made up as follows:

Current tax:

	<u>2008</u>	<u>2007</u>
	£	£
UK corporation tax at 28.5% (30%)	2,460,000	1,156,000
Total current tax (note 6 (b))	<u>2,460,000</u>	<u>1,156,000</u>

(b) Factors affecting the tax charge for the period

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK. The differences are reconciled below:

	<u>2008</u>	<u>2007</u>
	£	£
Profit on ordinary activities before tax	<u>(68,521,401)</u>	<u>22,853,850</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007 - 30%)	(19,528,599)	6,856,155
Non-taxable items	(2,627,130)	(6,511,260)
Group relief paid on a gross basis	1,758,900	804,755
Adjustments in respect of prior periods	(171)	6,350
Total current tax (note 6 (a))	<u>(20,397,000)</u>	<u>1,156,000</u>

LADBROKE RACING (WEST MIDLANDS) LIMITED**NOTES TO THE ACCOUNTS - FOR THE PERIOD ENDED 31 DECEMBER 2008****7. INVESTMENTS**

	Investment £
Cost:	
At 31 December 2007 and 31 December 2008	<u>150,000,000</u>
Provision for Impairment:	
At 1st January 2008	-
Provided in the year	(80,200,000)
At 31st December 2008	<u>(80,200,000)</u>
Net book value at 31st December 2008	<u>69,800,000</u>
Net book value at 31st December 2007	<u>150,000,000</u>

This represents the company's investment in the following company:-

	% Holding of issued share capital		
	Ordinary	Place of incorporation	Nature of business
Ladbroke & Co Limited	8.38%	United Kingdom	Investment Holding Company

At 31st December 2008 the company undertook a review of the carrying value of its investment resulting in a provision of £80,200,000 in Ladbroke & Co Limited.

8. DEBTORS

	<u>2008</u> £	<u>2007</u> £
Amounts owed by group undertakings	<u>47,683,387</u>	<u>38,464,788</u>

9. CONTINGENT LIABILITY

The company has jointly and severally guaranteed the value added tax liability of Ladbrokes plc companies within the group registration, which amounted to approximately £6.5m at 31 December 2008 (2007: £6.1m).

10. SHARE CAPITAL

	<u>2008</u> £	<u>2007</u> £
Authorised:		
Equity interests:		
150,000,002 Ordinary shares of £1 each	<u>150,000,002</u>	<u>150,000,002</u>
Allotted, called up and fully paid:		
Equity interests:		
150,000,002 Ordinary shares of £1 each	<u>150,000,002</u>	<u>150,000,002</u>

11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS IN RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 January 2007	150,000,002	16,766,936	166,766,938
Profit for the year	-	21,697,850	21,697,850
At 31 December 2007	<u>150,000,002</u>	<u>38,464,786</u>	<u>188,464,788</u>
Loss for the year	-	(70,981,401)	(70,981,401)
At 31 December 2008	<u>150,000,002</u>	<u>(32,516,615)</u>	<u>117,483,387</u>

LADBROKE RACING (WEST MIDLANDS) LIMITED

NOTES TO THE ACCOUNTS - FOR THE PERIOD ENDED 31 DECEMBER 2008

12. CASH FLOW STATEMENT

The company has taken advantage of the provisions of FRS 1, which exempt subsidiaries from preparing a cash flow statement where 90% or more of the voting rights are controlled within the group. The ultimate parent company, Ladbrokes plc, has included the required consolidated cash flow statement within its consolidated financial statements.

13. RELATED PARTY TRANSACTIONS

The company has taken advantage of the provisions of FRS 8, which exempt subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, from disclosing transactions with other entities within the group. The ultimate parent company, Ladbrokes plc, has included the required related party disclosures within its consolidated financial statements.

14. PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The immediate parent undertaking of the company is N.V.Derby S.A, a company registered in Belgium, and the ultimate parent undertaking is Ladbrokes plc, a company registered in England and Wales. The largest and smallest group preparing consolidated group accounts which include the company is Ladbrokes plc for the year ended 31 December 2008.

Copies of the accounts of Ladbrokes plc can be obtained from the registered office of that company at Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex, HA2 7JW.