

Coral Group Trading Limited

3624000

Report and Financial Statements

26 September 2004



A26
COMPANIES HOUSE

AGDP04FM

0662
14/04/05

Coral Group Trading Limited

Registered No. 3674996

Directors

J J T Cronk

Coral Nominees Limited

Secretary

Coral Secretaries Limited

Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Bankers

HSBC Bank PLC

23 Ripple Road

Barking

Essex IG11 7NW

Registered Office

Glebe House

Vicarage Drive

Barking

Essex IG11 7NS

Directors' report

The directors present their report and financial statements for the year ended 26 September 2004.

Results and dividends

The profit for the year, after taxation, amounted to £105,930,000. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The principal activity of the company during the period was that of a holding company. In February 2004, in connection with a refinancing of Coral Eurobet Holdings Limited and its subsidiary undertakings, the company received a dividend of £93.5 million from a subsidiary undertaking and issued £366 million in preference shares to its indirect parent company, Coral Eurobet 3 Limited, in settlement of intercompany amounts payable.

Directors

The directors who served the company during the year were as follows:

V T Ashdown
M G Mariscotti
Coral Nominees Limited

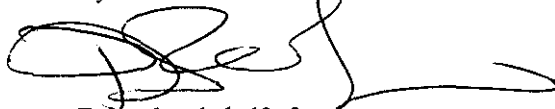
VT Ashdown and MG Mariscotti are directors of the ultimate parent undertaking. Their interests in the shares of the ultimate parent undertaking as at 26 September 2004 are disclosed in the accounts of Coral Eurobet Holdings Limited.

On 7 December 2004, V T Ashdown and M G Mariscotti resigned as directors of the company. J J T Cronk was appointed as a director on that date.

Auditors

Elective resolutions to dispense with the holding of annual general meetings, the laying of report and accounts before the company in general meeting and the annual reappointment of the auditors are currently in force. Accordingly, pursuant to section 386 of the Companies Act 1985 ("the Act") the auditors, Ernst & Young LLP, will be deemed to have been re-appointed at the end of the period of 28 days beginning with the day on which copies of this report and accounts are sent to members unless a resolution is passed under section 393 of the Act to the effect that their appointment be brought to an end.

By order of the board



For and on behalf of
Coral Secretaries Limited
Secretary

21 March 2005

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which 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 those 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; 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 which 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 auditors' report

to the members of Coral Group Trading Limited

We have audited the company's financial statements for the year ended 26 September 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 14. These financial statements have been prepared on the basis of 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 auditors' 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

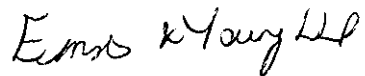
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Independent auditors' report

to the members of Coral Group Trading Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 26 September 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

21 March 2005

Profit and loss account

for the year ended 26 September 2004

	<i>Notes</i>	<i>2004</i> <i>£000</i>	<i>2003</i> <i>£000</i>
Other operating income		144	144
Operating profit		<u>144</u>	<u>144</u>
Income from investments		93,500	–
Interest receivable	5	13,805	–
Interest payable	6	(1,519)	–
		<u>105,786</u>	<u>–</u>
Profit on ordinary activities before taxation		105,930	144
Tax on profit on ordinary activities	7	–	(5,069)
Profit/(loss) for the financial year		<u>105,930</u>	<u>(4,925)</u>

Statement of total recognised gains and losses
for the year ended 26 September 2004

There are no recognised gains or losses other than the profit of £105,930,000 attributable to the shareholders for the year ended 26 September 2004 (2003 – loss of £4,925,000).

Balance sheet

at 26 September 2004

	Notes	2004 £000	2003 £000
Fixed assets			
Investments	8	645,246	645,246
Current assets			
Debtors	9	275,070	167,438
Creditors: amounts falling due within one year	10	(40,925)	(405,223)
Net current assets/(liabilities)		234,145	(237,785)
Total assets less current liabilities		879,391	(407,461)
Capital and reserves			
Share capital	11	366,000	—
Revaluation reserve	12	458,220	458,220
Profit and loss account	12	55,171	(50,759)
Equity shareholders' funds	12	879,391	407,461


J T Cronk
 For and on behalf of Coral Nominees Limited
 Director

21 March 2005

Notes to the financial statements

at 26 September 2004

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) and have not included a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement, in which the Company's results are included.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Auditors' remuneration

Auditors' remuneration is borne by another group undertaking.

3. Directors' remuneration

The directors of the company are also directors of other undertakings within the Coral Eurobet Group of companies. The directors' remuneration for the year ended 26 September 2004 was paid by the other undertakings. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the fellow subsidiary undertakings.

4. Staff costs

No salaries or wages have been paid to employees, including the directors, during the year.

5. Interest receivable

	2004 £000	2003 £000
Interest receivable from group companies	13,805	—

6. Interest payable

	2004 £000	2003 £000
Interest payable to group companies	1,519	—

Notes to the financial statements

at 26 September 2004

7. Tax

(a) Tax on profit on ordinary activities

The tax charge/(credit) is made up as follows:

	2004 £000	2003 £000
<i>Current tax:</i>		
Group relief payable	–	43
Adjustments in respect of previous periods	–	5,026
Total current tax (note 7(b))	–	5,069

(b) Factors affecting current tax charge

The differences are reconciled below:

	2004 £000	2003 £000
Profit on ordinary activities before taxation	105,930	144
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 – 30%)	31,779	43
Disallowed expenses and non-taxable income	(28,050)	–
Adjustments in respect of previous periods	–	5,026
Utilisation of tax losses	(3,729)	–
Total current tax (note 7(a))	–	5,069

(c) Factors that may affect future tax charges

The company has non-trading deficits carried forward of £12,251,000 that are available indefinitely for offset against future non-trading income.

8. Investments

	Shares in subsidiary undertakings £000
Cost or valuation: At 26 September 2004 and at 28 September 2003	645,246

Notes to the financial statements

at 26 September 2004

8. Investments (continued)

The directors are of the opinion that the aggregate value of the company's investments in subsidiary undertaking is not less than the amount stated in the financial statements.

Consolidated accounts have not been prepared as the company is a subsidiary undertaking of a UK parent which itself draws up consolidated financial statements.

At the year end the principal subsidiary undertakings which are wholly owned and registered in England are Coral (Holdings) Limited and Eurobet (Holdings) Limited.

9. Debtors

	2004 £000	2003 £000
Amounts owed by group undertakings	274,872	167,382
Other debtors	198	56
	<u>275,070</u>	<u>167,438</u>

10. Creditors: amounts falling due within one year

	2004 £000	2003 £000
Current instalment due on bank loan	450	250
Amounts owed to group undertakings	40,475	404,973
	<u>40,925</u>	<u>405,223</u>

11. Share capital

	<i>Authorised</i>			
	2004 £000		2003 £000	
Ordinary shares of £1 each	—		—	
Redeemable preference shares of £1 each	366,001		—	
	<u>366,001</u>		<u>—</u>	
	<i>Allotted, called up and fully paid</i>			
	2004 No.	2004 £000	2003 No.	2003 £000
Ordinary shares of £1 each	1	—	1	—
Redeemable preference shares of £1 each	366,000,000	366,000	—	—
	<u>366,000,001</u>	<u>366,000</u>	<u>—</u>	<u>—</u>

Notes to the financial statements

at 26 September 2004

11. Share capital (continued)

The redeemable preference shares are redeemable at the option of the company at any time, or in any event 5 years after the shares were issued.

Holders are entitled to be paid in respect of each financial quarter of the year, out of the profits available for distribution and when a dividend is declared by the directors, a fixed preferential dividend at the rate of 10% on the nominal amount of £1 of each of the redeemable preference shares. The preferential dividend is payable in priority to the payment of a dividend to the holders of any other class of share.

On a return of capital, other than on conversion, redemption or purchase of shares, the company's assets available for distribution among the members shall first be applied in repaying to the holder of each redeemable preference share the nominal amount of the redeemable preference share and any accrued but unpaid dividends to the date of redemption. The redeemable preference shares do not confer a further right to participate in any of the company's assets which are available for distribution among members.

12. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Revaluation reserve £000	Profit and loss account £000	Total share- holders' funds £000
At 29 September 2002	—	458,220	(45,834)	412,386
Loss for the year	—	—	(4,925)	(4,925)
At 28 September 2003	—	458,220	(50,759)	407,461
Profit for the year	—	—	105,930	105,930
Preference shares issued	366,000	—	—	366,000
At 26 September 2004	366,000	458,220	55,171	879,391

13. Related party transactions

The company has taken advantage of FRS 8 which exempts subsidiary undertakings, 90% or more of whose voting rights are controlled within a group, from disclosing transactions with entities that are part of that group or investees of that group qualifying as related parties.

14. Ultimate parent undertaking

The company's ultimate parent undertaking as at 26 September 2004 was Coral Eurobet Holdings Limited, which is principally owned by funds controlled or managed by Charterhouse Development Capital Limited. It is incorporated in England copies of its group financial statements, which include the company, are available from the registered office: Glebe House, Vicarage Drive, Barking, Essex, IG11 7NS.