

LADBROKE (RENTALS) LIMITED

DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2012

SATURDAY



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28/09/2013
COMPANIES HOUSE

Directors	V Parmar M J Noble (Resigned 31 May 2012) J M Adelman (Appointed 1 June 2012) A J Wilson
Secretary	Ladbroke Corporate Secretaries Limited
Registered Office	Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex, HA2 7JW
Company Number	00408492

The directors present their report and the Company's financial statements for the year ended 31 December 2012

RESULTS AND DIVIDENDS

The financial statements for the year show a profit after tax of £1,600,828 (2011 profit of £123,211) The directors do not recommend the payment of a dividend (2011 Nil)

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the Company during the year continued to be property investment and provision of managerial and administrative services for Ladbroke Group Properties Limited subsidiary companies

The Company holds leases on one property, which are partially sublet The leases expire in 2022

Ladbroke plc has accounted for its property division as a discontinued business since 1996 and the Company therefore provides for all lease liabilities in full

The property provision decreased as a result of the continued utilisation of the provision and a review of all current provision

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

	2012	2011
	£	£
Turnover	346,610	621,748
Decrease in property provision	1,332,918	36,777
Profit for the financial year	1,600,828	123,211
Amounts owed from group companies	30,829,165	35,254,109

LADBROKE (RENTALS) LIMITED

DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

PRINCIPAL RISK AND UNCERTAINTIES

Ladbroke 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 has an exposure to a decline in market conditions that would lead to additional vacant periods, which could result in the need for further provisions. The Company is also exposed to risks arising from changes in interest rates, which affect the balances with other group companies and the interest due on those balances. The Company has no other significant risks or uncertainties other than those that arise from its membership of the Ladbroke group which are dealt with in the Business Review presented in the consolidated financial statements of Ladbroke plc on pages 22 to 24.

FUTURE DEVELOPMENTS

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year Ladbroke plc purchased and maintained on behalf of the Company liability insurance for its directors and officers as permitted by section 233 of the Companies Act 2006.

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

Director

Secretary

A W

Date 9/9/13

LADBROKE (RENTALS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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). 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 estimates that are reasonable and prudent,
- state whether the applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained by 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADBROKE (RENTALS) LIMITED

We have audited the financial statements of Ladbroke (Rentals) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. 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).

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 Statement of directors' responsibilities, 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 directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any 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 31 December 2012 and of its profit for the year 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.

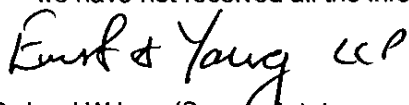
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Richard Wilson (Senior statutory auditor)
for and behalf of Ernst & Young LLP, Statutory Auditor
London

Date 13 September 2013

LADBROKE (RENTALS) LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012**

	<u>Notes</u>	<u>2012</u> £	<u>2011</u> £
TURNOVER	2.	346,610	621,748
Cost of sales		(354,819)	(679,223)
OPERATING LOSS		(8,209)	(57,475)
Decrease in property provision	6.	1,332,918	36,777
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	3.	1,324,709	(20,698)
Interest receivable	5.	276,119	143,909
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,600,828	123,211
Taxation	7.	-	-
PROFIT FOR THE FINANCIAL YEAR	12.	1,600,828	123,211

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 2012 (2011 none)

LADBROKE (RENTALS) LIMITED**BALANCE SHEET AT 31 DECEMBER 2012**

	<u>Notes</u>	<u>2012</u> £	<u>2011</u> £
FIXED ASSETS			
Investments	8.	-	-
CURRENT ASSETS			
Debtors	9.	30,965,723	36,293,481
Cash at bank and in hand		<u>30</u>	<u>51,127</u>
		30,965,753	36,344,608
CREDITORS amounts falling due within one year	10.	<u>(6,455,639)</u>	<u>(6,957,167)</u>
NET CURRENT ASSETS		<u>24,510,114</u>	<u>29,387,441</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		24,510,114	29,387,441
Provisions for liabilities	6.	<u>(85,461)</u>	<u>(6,563,616)</u>
NET ASSETS		<u>24,424,653</u>	<u>22,823,825</u>
CAPITAL AND RESERVES			
Called up share capital	11	1,000	1,000
Profit and loss account	12.	<u>24,423,653</u>	<u>22,822,825</u>
EQUITY SHAREHOLDERS' FUNDS		<u>24,424,653</u>	<u>22,823,825</u>



A J Wilson
Director

Date 9/9/13

LADBROKE (RENTALS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

1 1 Going concern

After making enquiries, 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 these financial statements

1 2 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 3 Leases

Rental income and expenditure under operating leases are charged, on a straight line basis, to the profit and loss account over the lease term

1 4 Investments

Investments are held at costs less any provisions for impairment

1 5 Property provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and it can be reliably measured

Provisions have been made in respect of anticipated costs, net of income, for all residual lease liabilities of the Company up to the lease expiry date as the property division is accounted for by the Company's ultimate parent company, Ladbrokes plc, as a discontinued activity

Provisions are reviewed annually and any movement in the provision is included in the profit and loss account

2. TURNOVER

Turnover which represents the value, excluding value added tax, of rental income arose wholly in the United Kingdom

3 OPERATING LOSS

Operating loss is stated after crediting

	<u>2012</u> £	<u>2011</u> £
Leasehold property rents	<u>346,610</u>	<u>621,748</u>

The audit fee for the Company of £2,500 has been borne by another group company £2,000 (2011 £2,500)

LADBROKE (RENTALS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2012

4. DIRECTORS AND EMPLOYEES

(a) Directors' emoluments

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 Ladbroke plc defined benefit pension scheme, received total remuneration during their directorship in the year of £623,268 (2011 £653,489).

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.

5. INTEREST RECEIVABLE

	<u>2012</u>	<u>2011</u>
	£	£
From group companies	<u>276,119</u>	<u>143,909</u>

6. PROVISIONS FOR LIABILITIES

The movements on the property provisions are as follows -

	<u>2012</u>
	£
At 1 January 2012	6,563,616
Utilisation of provision	(5,145,237)
Released in the year	<u>(1,332,918)</u>
At 31 December 2012	<u>85,461</u>

Property provisions are in respect of leases expiring between 2013 and 2022 and include the anticipated costs, net of income, of all residual lease liabilities up to the lease expiry date.

LADBROKE (RENTALS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2012

7. TAXATION

No provision has been made in these financial statements for UK corporation tax, as an undertaking has been received from the Company's ultimate parent, Ladbroke plc, that the latter will assume all liability for any such taxation

There are no amounts of deferred tax required to be indemnified in respect of any material timing differences for 2012 or 2011

8. INVESTMENTS

	Shares in group undertakings £
Cost	
At 31 December 2011 and 31 December 2012	<u>1,000</u>
Provision:	
At 31 December 2011 and 31 December 2012	<u>1,000</u>
Net book value:	
At 31 December 2011 and 31 December 2012	<u>-</u>

The Company holds 1,000 11% redeemable non-cumulative participating preference shares of £1 each in Hindwain Limited, a fellow group company incorporated in England and Wales

LADBROKE (RENTALS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2012****9. DEBTORS**

	<u>2012</u>	<u>2011</u>
	£	£
Trade debtors	16,387	113,056
Amounts due from group companies	30,829,165	35,254,109
Other debtors	81,488	625,587
Prepayments and accrued income	<u>38,683</u>	<u>300,729</u>
	<u>30,965,723</u>	<u>36,293,481</u>

10. CREDITORS: Amounts falling due within one year

	<u>2012</u>	<u>2011</u>
	£	£
Trade creditors	124,816	265,889
Amounts owed to group companies	6,289,719	6,291,231
Other creditors	29,739	281,005
Accruals and deferred income	-	119,042
Other taxes	<u>11,365</u>	<u>-</u>
	<u>6,455,639</u>	<u>6,957,167</u>

Amounts due to other group companies are included under amounts falling due within one year where there are no specified terms as to their repayments

LADBROKE (RENTALS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2012****11. CALLED UP SHARE CAPITAL**

	<u>2012</u>	<u>2011</u>
	£	£
Allotted, called up and fully paid		
1000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS IN RESERVES

	Share <u>capital</u>	Profit and <u>loss account</u>	<u>Total</u>
	£	£	£
At 1 January 2011	1,000	22,699,614	22,700,614
Profit for the year	-	123,211	123,211
At 31 December 2011	1,000	22,822,825	22,823,825
Profit for the year	-	1,600,828	1,600,828
At 31 December 2012	<u>1,000</u>	<u>24,423,653</u>	<u>24,424,653</u>

13. FINANCIAL COMMITMENTS

At 31 December 2012, the Company had annual commitments under non-cancellable operating leases for land and expiring as follows

	<u>2012</u>	<u>2011</u>
	£	£
Within one year	-	-
Within two to five years	-	283,300
After five years	<u>232,100</u>	<u>1,509,780</u>
	<u>232,100</u>	<u>1,793,080</u>

14. CONTINGENT LIABILITY

The Company has jointly and severally guaranteed the value added tax liability of Ladbrokes plc group companies within the group registration, amounting to approximately £5.9m as at 31 December 2012 (2011 £8.0m)

Under the terms of the cross guarantee agreement, the company has jointly and severally guaranteed the liabilities of certain other Ladbrokes plc 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 December 2012, the credit balance on such accounts amounted to £30 (2011 £392)

LADBROKE (RENTALS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2012

15 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.

16. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the provisions of FRS 8, which exempt subsidiary undertakings, 100% 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 group financial statements.

17. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking of the Company is Ladbroke Group Properties Limited, a company registered in the England and Wales. 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 2012.

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