

LADBROKE (RENTALS) LIMITED

STRATEGIC REPORT – FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their Strategic Report for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

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

The Company holds a lease on one property, which is partially sublet. The lease expires in 2022.

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

	2014	2013
	£	£
Turnover	232,100	232,100
Profit for the financial year	704,224	774,214

Due to the limited activities undertaken by the Company no other key performance indicators are relevant.

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 being a part of the Ladbroke group which are dealt with in the Strategic Report presented in the Annual Report and Accounts 2014 of Ladbroke plc on pages 34 to 37.

FINANCIAL POSITION

As at 31 December 2014 the company had net assets of £25,903,091 (2013: £25,198,867).

By order of the Board


For and on behalf of Ladbroke Corporate Secretaries Limited
Secretary

Date: 09/09/15

FRIDAY



A4FQ1FGW
A18 11/09/2015 #483
COMPANIES HOUSE

LADBROKE (RENTALS) LIMITED

DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2014

Directors:	V Parmar J M Adelman (Resigned 18 April 2014) A J Bushnell (Appointed 18 April 2014) 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 Directors' Report and the Company's financial statements for the year ended 31 December 2014.

RESULTS AND DIVIDENDS

The financial statements for the year show a profit for the financial year of £704,224 (2013: profit of £774,214). The directors do not recommend the payment of a dividend (2013: Nil).

FINANCIAL RISK MANAGEMENT

The Company's exposure to financial risk management is outlined in the Strategic Report.

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.

FUTURE DEVELOPMENTS

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

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 233 of the Companies Act 2006.

LADBROKE (RENTALS) LIMITED

DIRECTORS' REPORT – FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 prepared 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 judgements and accounting 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;
- 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.

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who are directors at the date of approval of this report confirms that:

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

INDEPENDENT AUDITORS

The auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

On behalf of the board



A J Wilson
Director

Date: 09/07/15

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

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, Ladbroke (Rentals) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

WHAT WE HAVE AUDITED

Ladbroke (Rentals) Limited's financial statements comprise:

- Balance Sheet as at 31 December 2014;
- Profit or Loss Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

WHAT AN AUDIT OF FINANCIAL STATEMENT INVOLVES

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Mark Jordan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 September 2015

LADBROKE (RENTALS) LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014**

	<u>Notes</u>	<u>2014</u> £	<u>2013</u> £
TURNOVER	2.	232,100	232,100
Cost of sales		(234,640)	(158,045)
OPERATING (LOSS)/PROFIT	3.	(2,540)	74,055
Interest receivable and similar income	5.	709,525	701,405
Interest payable and similar charges	6.	(2,761)	(1,246)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		704,224	774,214
Tax on profit on ordinary activities	8.	-	-
PROFIT FOR THE FINANCIAL YEAR	13.	704,224	774,214

All items dealt with in arriving at the profit on ordinary activities before taxation relate to continuing operations.

There are no material differences between the profit on ordinary activities before taxation and profit for the year stated above, and their historical cost equivalents.

The company has no recognised gains or losses other than those shown in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

BALANCE SHEET AT 31 DECEMBER 2014

		<u>2014</u>	<u>Restated ⁽¹⁾</u>
	<u>Notes</u>	<u>£</u>	<u>2013</u>
			<u>£</u>
FIXED ASSETS			
Investments	9.	-	-
NON CURRENT ASSETS			
Debtors: amounts falling due after more than one year	10.	25,795,383	31,297,616
CURRENT ASSETS			
Debtors: amounts falling due within one year	10.	338,102	387,360
Cash at bank and in hand		285	4
		338,387	387,364
CREDITORS: amounts falling due within one year	11.	(145,218)	(6,400,652)
NET CURRENT ASSETS/(LIABILITIES)		193,169	(6,013,288)
TOTAL ASSETS LESS CURRENT LIABILITIES		25,988,552	25,284,328
Provisions for liabilities	7.	(85,461)	(85,461)
NET ASSETS		25,903,091	25,198,867
CAPITAL AND RESERVES			
Called up share capital	12.	1,000	1,000
Profit and loss account	13.	25,902,091	25,197,867
TOTAL SHAREHOLDERS' FUNDS		25,903,091	25,198,867

⁽¹⁾ See note 1 – basis of accounting

The financial statements on pages 6 to 13 were approved by the board of directors on 9 September 2015 and were signed on its behalf by:



A J Wilson
Director

Date: 9/9/15

LADBROKE (RENTALS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

1.1 Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The Financial Reporting Council issued changes to the UK financial reporting framework, which will result in companies reporting either under the principles of EU-adopted IFRS or a new set of UK financial reporting standards. In certain cases companies will be able to report reduced disclosures.

This new financial reporting framework is effective for the year ending 31 December 2015, and is required to be applied retrospectively. The Company has taken the decision not to adopt the new requirements for the year ended 31 December 2014.

Restatement of 2013 balances

A prior year balance disclosed as 'amounts due from group undertakings' and 'amounts due to group undertakings' have been reclassified from falling due in less than one year to falling due after more than one year to reflect the long term nature of the balances.

There is no impact on the Profit for the year ended 31 Dec 2013 from these restatements.

1.2 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.

1.3 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, Ladbroke plc, as a discontinued activity.

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

LADBROKE (RENTALS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)****2. TURNOVER**

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

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after crediting:

	<u>2014</u> £	<u>2013</u> £
Leasehold property rents	<u>232,100</u>	<u>232,100</u>

The audit fee for the Company of £1,000 has been borne by another group company (2013: £1,600).

4. DIRECTORS AND EMPLOYEES

The directors of Ladbroke (Rentals) Limited are employed by other companies in the Ladbrokes plc group and remunerated by those companies for their services to the group as a whole and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2014</u> £	<u>2013</u> £
From group undertakings	<u>709,525</u>	<u>701,405</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2014</u> £	<u>2013</u> £
From group undertakings	<u>2,761</u>	<u>1,246</u>

7. PROVISIONS FOR LIABILITIES

The movements on the property provisions are as follows:-

	<u>2014</u> £
At 1 January 2014	85,461
Utilisation of provision	-
Released in the year	-
At 31 December 2014	<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 2014 (continued)****8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

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 2014 or 2013.

9. INVESTMENTS

	Shares in group undertakings £
Cost	
At 1 January 2014 and 31 December 2014	<u><u>1,000</u></u>
Provision:	
At 1 January 2014 and 31 December 2014	<u><u>1,000</u></u>
Net book value:	
At 1 January 2014 and 31 December 2014	<u><u>-</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.

10. DEBTORS

	<u>2014</u>	<u>Restated^(a)</u>
	£	2013
		£
Amounts falling due within one year:		
Trade debtors	39,113	62,323
Amounts owed by group undertakings	227,596	227,596
Other debtors	17,280	43,328
Prepayments and accrued income	54,113	54,113
	<u><u>338,102</u></u>	<u><u>387,360</u></u>
Amounts falling due after more than one year:		
Amounts due from group undertakings	<u><u>25,795,383</u></u>	<u><u>31,297,616</u></u>

^(a) See note 1 – basis of accounting

Amounts due from other group undertakings are included under amounts falling due within one year where there are no specified terms as to their repayment.

LADBROKE (RENTALS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)****11. CREDITORS: Amounts falling due within one year**

	<u>2014</u>	<u>2013</u>
	£	£
Trade creditors	-	6,876
Amounts owed to group undertakings	104,511	6,358,958
Other creditors	8,292	8,292
Other taxes	19,342	13,453
Accruals and deferred income	13,073	13,073
	<u>145,218</u>	<u>6,400,652</u>

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

12. CALLED UP SHARE CAPITAL

	<u>2014</u>	<u>2013</u>
	£	£
Allotted, called up and fully paid:		
1000 (2013: 1000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND MOVEMENTS IN RESERVES

	<u>Called up</u>	<u>Profit and</u>	<u>Total</u>
	<u>share capital</u>	<u>loss account</u>	<u>shareholders' funds</u>
	£	£	£
At 1 January 2013	1,000	24,423,653	24,424,653
Profit for the financial year	-	774,214	774,214
At 31 December 2013	1,000	25,197,867	25,198,867
Profit for the financial year	-	704,224	704,224
At 31 December 2014	<u>1,000</u>	<u>25,902,091</u>	<u>25,903,091</u>

14. FINANCIAL COMMITMENTS

At 31 December 2014, the Company had annual commitments under non-cancellable operating leases for land and expiring as follows:

	<u>2014</u>	<u>2013</u>
	£	£
Within one year	-	-
Within two to five years	-	-
After five years	<u>232,100</u>	<u>232,100</u>
	<u>232,100</u>	<u>232,100</u>

LADBROKE (RENTALS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

15. CONTINGENT LIABILITY

The Company has jointly and severally guaranteed the value added tax liability of Ladbroke plc group companies within the group registration, amounting to £Nil as at 31 December 2014 (2013: £Nil).

Under the terms of the cross guarantee agreement, the Company has jointly and severally guaranteed the liabilities of certain other Ladbroke 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 2014, the credit balance on such accounts amounted to £285 (2013: £4).

16. 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, Ladbroke plc, has included the required consolidated cash flow statement within its consolidated financial statements.

17. 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, Ladbroke plc, has included the required related party disclosures within its group financial statements.

18. 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, and the ultimate parent undertaking is Ladbroke plc. The largest and smallest group preparing consolidated group financial statements which include the Company is Ladbroke plc for the year ended 31 December 2014.

Copies of the Annual Report and Financial Statements of Ladbroke plc can be obtained from the registered office at Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex HA2 7JW.

LADBROKE (RENTALS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

19. POST BALANCE SHEET EVENTS

On 24 July 2015 the ultimate parent company, Ladbrokes plc, announced the following:

- Ladbrokes plc and Gala Coral Group Limited have agreed terms of a recommended merger (the '**Merger**') of Ladbrokes plc with certain businesses of Gala Coral, including Coral Retail, Eurobet Retail and Gala Coral's online businesses to create a leading European betting and gaming group that is better positioned to compete more effectively (the '**Combined Entity**').
- A successful completion of the placing of a total of 92,378,680 new ordinary shares of 28 1/3 pence each in the Company representing approximately 9.99 per cent. of the Company's existing issued ordinary share capital (excluding treasury shares) have been placed at a price of 125 pence per placing share raising proceeds of £115.5 million (before expenses). As part of the placing, 22.9% of the placing shares have been placed with Playtech plc.
- A three year strategy which incorporates an aggressive three year investment programme to build Ladbrokes plc's UK Retail, Digital and Australian recreational customer base and a plan to restore Ladbrokes plc's passion and pride of being at the heart of sportsbetting in its culture and all that it does.
- Completion of the Merger is conditional upon, inter alia, the approval of Ladbrokes plc's existing shareholders and clearance from the Competition and Markets Authority ('**CMA**'). Ladbrokes plc are confident that the Merger is deliverable and are committed to working closely with Gala Coral and the CMA in its review.

Details of all of the above are contained within the press releases dated 24 July 2015, which can also be found on the Ladbrokes plc website at www.ladbrokesplc.com. None of the above announcements or the details contained within it amount to an adjusting balance sheet event.