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INVESTOR IN PEOPLE

CHPM 4 (07/02)

**LADBROKE
GROUP
LIMITED**

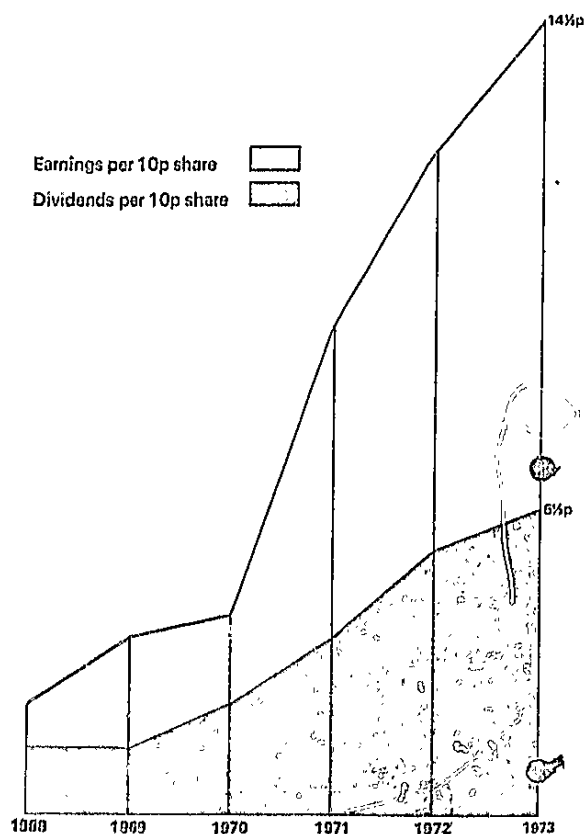
SECOND
INTERIM REPORT
FOR THE
12 MONTHS
ENDED
3rd JULY 1973

LADBROKE GROUP LIMITED

RESULTS AT A GLANCE

	1973 £000	1972 £000	Increase per cent.
TURNOVER	180,444	113,791	52
TRADING PROFITS	6,013	4,020	50
8% LOAN STOCK INTEREST	327	57	—
PROFIT AVAILABLE FOR DISTRIBUTION	3,063	2,106	39
EARNINGS PER 10p SHARE	14½p	12p	21
DIVIDENDS PER 10p SHARE	5.5p	4.8p	—
TIMES COVERED	2.60	2.25	—

For details see page 6.



FROM THE CHAIRMAN

14th September 1973

Dear Shareholder,

The group is currently in an 18 month trading period which comes to a close at the end of the calendar year. Since this second interim statement covers a period of 12 months to the 3rd July 1973 I am taking the opportunity of reporting on the expansion of the group during the year.

Profits

Group turnover and trading profits have reached new levels of £180m. and £6m. respectively compared with £118m. and £4m. for the previous 52 weeks.

After charging a full year's loan stock interest to 3rd July 1973, adjusting for the scrip issue in November 1972 and the issues of shares during the 2 years, earnings per share have increased from 12p to 14½p. Distributable earnings after tax have risen by 39%.

Trading continues to be good and I am confident that the 18 months figure will be highly satisfactory.

Dividends

Under present legislation we may only be authorised to pay dividends totalling 77.9% for the 18 months which compares with my forecast of 90% made in October 1972. A second interim dividend of 30% (gross—including related tax credit) will be paid on 12th October 1973, to shareholders on the register on 17th September. With the 25% (gross) interim paid on 5th July this brings the total so far declared to 55% (gross).

Expansion

The group's activities are now divided into high cash flow operations on the one hand and property asset investments with a lower cash flow on the other. In the first category there are betting, bingo social clubs and casinos, while the second comprises property development, hotels and freehold holiday centres.

CHAIRMAN'S STATEMENT continued

Netting, Bingo and Casinos

Although the number of our licensed netting offices increased during the year from 826 to 1,111, so consolidating our leadership in the industry, it is in the field of bingo social clubs that we have made the greatest progress. With the recent purchase of the Essoldo bingo business I estimate that in profit terms we are the second largest operator in the country. This acquisition was the largest ever carried out by the group, the terms being most advantageous to us. We are now operating 77 clubs throughout Great Britain. Following the continued success of our theatre cabaret club at Cesars Palace, Luton we are opening our second Cesars Palace at the Hippodrome, Dudley on 12th November 1973.

Our second Mayfair casino, the Hertford Club, opened during the year and has proved to be a success. It has not affected the attendance at the Ladbrooke Club in Hill Street which is held in such high repute. The different levels of demand in the Metropolis have not been fully met and we hope to start a third operation in due course.

Hotels, Holiday Centres and Property

Our Dragonara hotels at Bristol, Leeds and Tere-side all opened in the spring and have quickly become recognised as the best in their areas. They each occupy city centre positions and are an example of our strategy in linking assets and profits. It is not easy to establish similar situations but we are constantly investigating projects in the United Kingdom and in Europe.

There has been this year a rapid expansion of our holiday division. We are currently operating 10 centres which between them sleep 25,000. They comprise holiday camps, self-catering chalets, boats, holiday caravans and camping. Through recent acquisitions we have obtained centres in Cornwall and on the Isle of Wight which also have large land banks. This will allow us to expand considerably the number of self-catering chalets currently operating.

Notwithstanding the considerable growth I have already detailed, it is the development of our property division, London & Leeds Investments Limited, which has been outstanding this year; an indication of this is shown on page 5. There are now 13 sites completed or under development in the United Kingdom and 9 in Europe. Those completed are almost fully let. The current investment programme will total £30m. and is being funded by our bankers and financial institutions in the respective countries in

CHAIRMAN'S STATEMENT continued

which our developments are located. We are fortunate in having a first class commercial and technical team led by Kurt Kilstock and this division will play a major role in the future of our group.

Revaluation

Since there has been a considerable change in the values of certain properties in the group there will be a revaluation in time for the publication of the report and accounts next spring.

Our People

The number of full-time and part-time staff employed by the group in the United Kingdom at 3rd July 1973 was 10,700. A new contributory pension scheme was introduced in April which, with promotions and improvements in pay and conditions, is contributing to the greater stability of our people who are a key factor in our success. I would like to express our thanks to all employees for their continued support and efforts in making ours such a successful group.

Annual General Meeting

To comply with the Companies Acts it is necessary to hold an annual general meeting of the shareholders during 1973. Notice of the meeting and a form of proxy, which you may use, are contained in this report. In May next year we will hold the annual general meeting for 1974 when the report and accounts for 18 months will be considered and the final dividend approved.

Use Your Hotels

With this report you will receive our hotels brochure. I would like to point out that holders of shares, warrants and loan stock are entitled to a 10% room rate reduction at all the 'Dragonaras'. At our English hotels a special week-end rate of £4.40 per double room per night is also now available. In particular the Bristol Dragonara, in its historic setting, is ideally situated for a week-end break.

Yours sincerely,

Cyril Stein

LADBROKE GROUP LIMITED

DIRECTORS AND OFFICERS

Cyril Stein

Eric William MacAde, F.C.A.

William Henry Brooman

Kenneth Russell Cork, F.C.A.

Derek James Sate, F.C.A.
Ganton House, Ganton Street,
London W1A 2LD
Telephone: 01-734 7377
Telex: 22274
London 566221

Chairman
Executive Office

Registered Number

Williams & Glyn's Registrars Limited
Salisbury Square House,
Salisbury Square,
London EC4Y 8AS
Telephone: 01-626 5400

Registrars and
Transfer Office

Turquands Barton Mayhew & Co.,
Chartered Accountants,
Lynton House,
7 Tavistock Square,
London WC1H 9LS

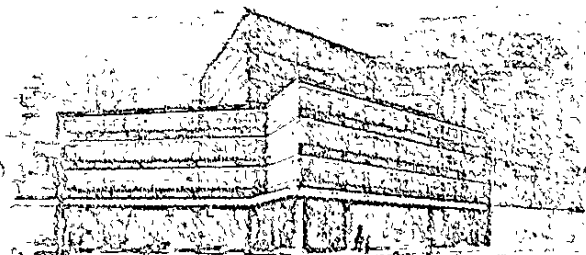
Auditors

National Westminster Bank Limited
Barclays Bank Limited

Principal
Bankers

Stilgoes,
Ormond House,
3 Duke of York Street,
St. James's,
London SW1Y 6JS

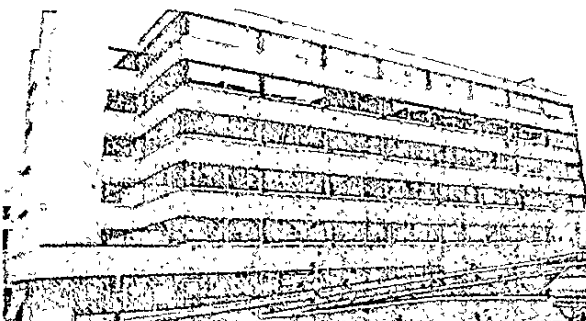
Solicitors



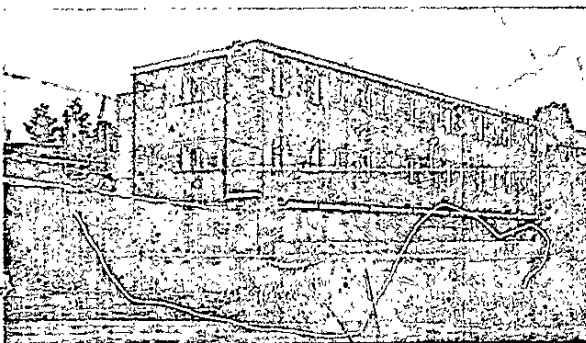
Another impression of the 20,000 sq. ft. office development in Birmingham to be completed during this year.



Work in progress on the second stage of the 26 acre industrial development in Swinton.



Our 29,000 sq. ft. office block in Bristol which is almost fully let.



A recently completed office block in Leeds.

SECOND CONSOLIDATED INTERIM STATEMENT FOR THE 12 MONTHS TO 3rd JULY 1973

All calculations per share have been based on figures published to date. They have been adjusted to allow for scrip issues and, where appropriate, the average number of shares in issue during each period.

	53 weeks to 3rd July 1973 (unaudited)		52 weeks to 27th June 1972 (audited)*		52 weeks to 29th June 1971 (audited)	
	£000	£000	£000	£000	£000	£000
TURNOVER		180,444		118,751		88,361
TRADING PROFIT Δ		6,013		4,020		2,508
United Kingdom	5,889		3,834		2,308	
Overseas	124		186		200	
8% LOAN STOCK INTEREST		327		57		—
PRE-TAX PROFITS		5,686		3,963		2,508
TAXATION		2,422		1,547		974
United Kingdom†	2,410		1,547		957	
Overseas	12		—		17	
PROFIT AFTER TAXATION		3,264		2,416		1,534
MINORITY INTERESTS AND PRE-ACQUISITION PROFIT		201		223		129
PROFIT AVAILABLE FOR DISTRIBUTION		3,063		2,193		1,405
NET EARNINGS PER 10p ORDINARY SHARE		14½p		12p		9p
GROSS DIVIDEND PER 10p ORDINARY SHARE††	(1st and 2nd interim)	5.5p	(Total)	4.8p	(Total)	3.2p

GROWTH RECORD OVER 6 YEARS

Year to end June approx.		1973	1972*	1971	1970	1969	1968
Turnover	£000	180,444	118,751	88,361	71,614	48,037	39,525
Trading profit Δ	£000	6,013	4,020	2,508	1,102	898	426
8% Loan stock interest	£000	327	57	—	—	—	—
Available for distribution†	£000	3,063	2,196	1,405	510	475	284
Cost of dividend (gross)††	£000	1,179	955	522	282	213	205
Gross dividend per 10p share	p	5.5	4.8	3.2	1.8	1.4	1.3
Gross dividend rate	%	55.0	48.0	32.0	18.3	13.8	13.3
Net earnings per 10p share	p	14½	12	9	4	3	2

* Includes 3 months unaudited figures of Caister Group Limited.

Δ Before loan stock interest and tax.

† Following introduction of imputation tax in 1973 the applicable rate for 1972/73 has been averaged at 42.5%.

†† For comparison purposes, dividends paid after 5th April 1973 have been shown gross to allow for the related tax credit.

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OUR DIVISIONAL CHIEF EXECUTIVES AND THEIR COMPANIES

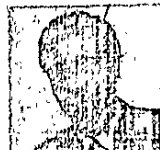
The group now comprises a number of trading divisions operating under the direct control of a chief executive. There are 110 subsidiary companies but only the principal subsidiary for each trading division is given below.



ALLAN CLOGGIE

BINGO SOCIAL CLUBS

LADDEROKES LUCKY SEVEN ENTERTAINMENTS LIMITED



ROBERT UPSDELL

CASH BETTING

TOWN & COUNTRY BETTING LIMITED



ALEX ALEXANDER

CASINOS

LADDEROKE LIMITED



GERALD GREEN

CREDIT BETTING

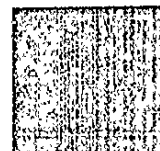
LADDEROKE & CO. LIMITED



PETER SMYTH

HOLIDAYS

LADDEROKE HOLIDAYS LIMITED



HARLEY WATSON

HOTELS

ENGLISH & OVERSEAS HOTELS LIMITED



KURT KILSTOCK

PROPERTY

LONDON & LEEDS INVESTMENTS LIMITED

All the above-named subsidiaries are wholly owned except London & Leeds Investments Limited where the group holds 250,001 of the 500,000 issued £1 ordinary shares.

LADBROKE GROUP LIMITED

CHANGES IN SHARE CAPITAL

Since 27th June 1972 the following ordinary shares of 10p each have been issued:—

(a) credited fully paid up otherwise than in cash

- 162,498 on 1st September 1972 as part consideration for 5 bingo clubs in the Midlands*
- 42,500 on 4th October 1972 as part consideration for 11 betting offices in South London*
- 398,935 on 27th October 1972 as part consideration for 137 betting offices mainly in London and the South*
- 4,124,950 on 16th November 1972 in respect of the 1 scrip issue
- 42,133 on 14th January 1973 by the exercise of conversion rights attaching to £75,000 nominal of 7% unsecured convertible loans issued on 19th February 1971
- 384,616 on 3rd February 1973 as part consideration for 52 betting offices in the Midlands*
- 100,444 on 29th June 1973 as part consideration for a holiday centre at Perran Sands, Cornwall comprising approximately 500 acres*
- 614,525 on 25th July 1973 as part consideration for 36 bingo clubs

*All the shares of the companies operating these were acquired.

(b) fully paid up in cash

- 13,005 by the exercise of subscription warrant rights up to 31st July 1973.

SHARES IN ISSUE OR TO BE ISSUED

- 22,176,618 were in issue at 31st July 1973
- 2,237,071 may be subscribed by exercising rights up to 31st December 1987 on outstanding warrants issued with the 8% loan stock
- 1,078,079 may be subscribed under an option agreement held on behalf of the ICI pension funds between 2nd July 1976 and 1st July 1983
- 359,375 are due to be issued under the Executive Share Incentive Scheme after Inland Revenue agreement.

SHAREHOLDERS

The following is a summary of the holdings of issued 10p ordinary shares of the company at 31st July 1973 and the comparative holdings at 27th June 1972, after adjusting for the 1 for 4 scrip issue made in November 1972 and changes of directors:—

		1973	1972
Shares in which	C. Stein	2,082,982	2,154,233
group directors and	E. W. MacAdie	12,500	12,500
their wives and infant	W. H. Brooman	520,000	547,500
children were	K. R. Cork	29,687	29,687
interested beneficially			
or under settlements			
other than those			
referred to below			

Shares held by group	E. W. MacAdie	3,229,518	3,352,013
directors as trustees			
in which they are not			
beneficially interested			
		5,874,687	6,195,938

Shares in which			
associate directors and			
directors of subsidiaries			
and their wives and			
infant children were			
interested beneficially			
or under settlements			
or as trustees		2,007,122	2,358,176

Other shareholders		14,294,809	11,912,151
		22,176,618	20,366,265

So far as the directors are aware there are no other members holding more than 10% of the issued share capital.

LADBROKE GROUP LIMITED

NOTICE OF MEETING

Notice is hereby given that the annual general meeting of LADBROKE GROUP LIMITED will be held at the Café Royal, 69 Regent Street, London, W1 on Wednesday, 21st November 1973 at 2.45 p.m. for the following purposes:

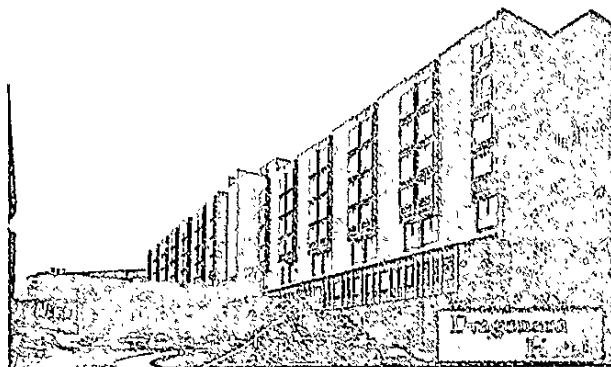
- 1 To re-elect Mr. W. H. Brooman a director following his retirement by rotation.
- 2 To transact any other business of an annual general meeting.

By Order of the Board,
D. J. Sato, F.C.A.,
Secretary.

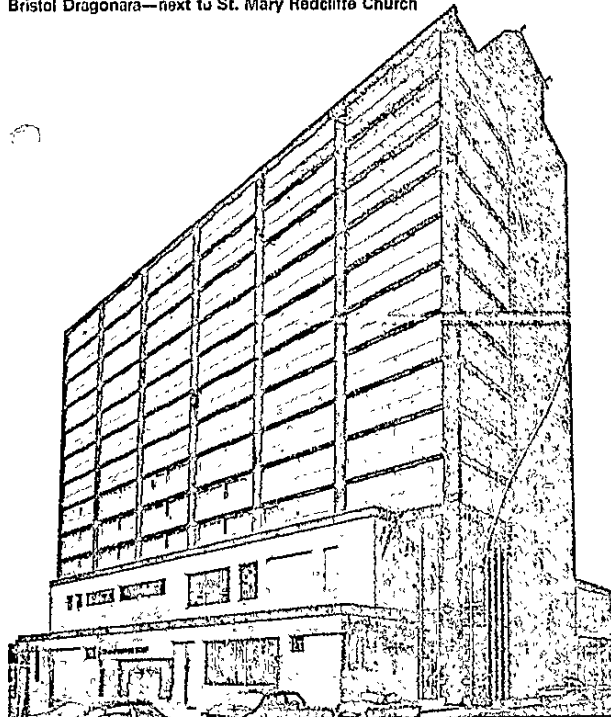
14th September 1973

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies, in accordance with the provisions of the company's articles of association, to attend and vote instead of him or her at such meeting. A proxy need not also be a member of the company and the appointment of a proxy does not preclude a member from attending if he or she wishes to do so. A form of proxy, which must be lodged at the company's transfer office, is enclosed for this purpose.

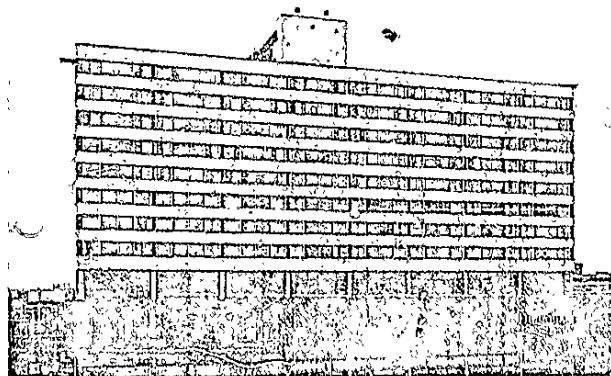
Copies of contracts of service between the company and directors will be available for inspection at the registered office of the company on any weekday (except Saturday) during normal business hours and for a period of fifteen minutes prior to the annual general meeting and during the meeting at the Café Royal.



Bristol Dragonara—next to St. Mary Redcliffe Church



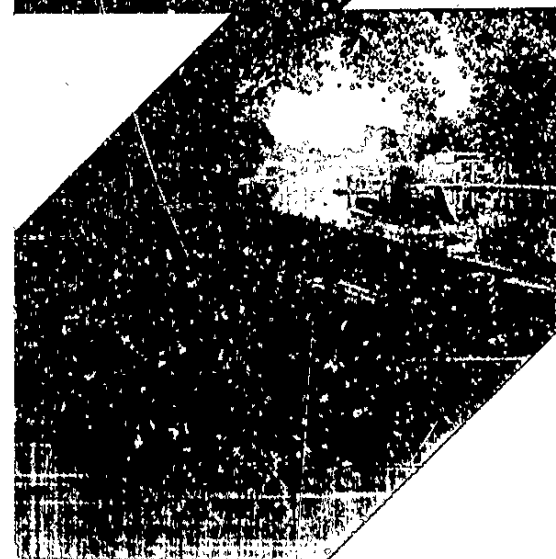
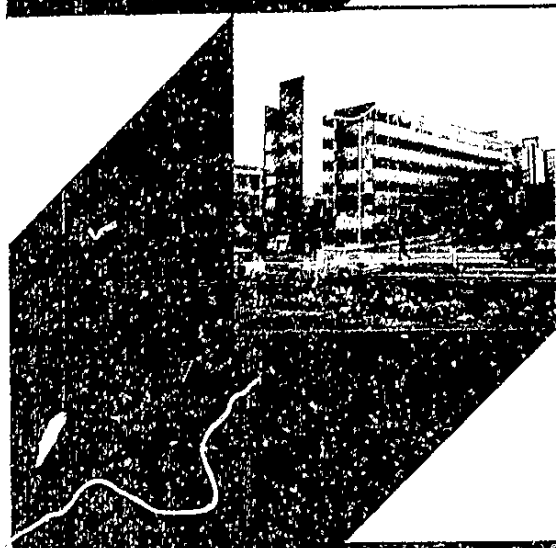
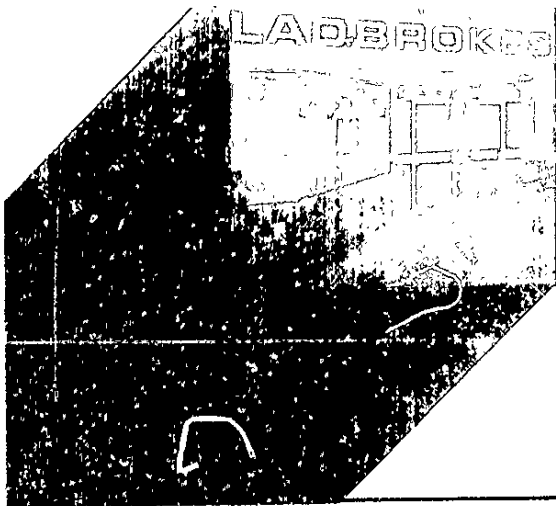
Leeds Dragonara—close to Town Hall



Leeds Dragonara—adjoining City Station
Central reservations: 01-734 6000

**Ladbroke
Group
Limited
Report
and
Accounts
1973**





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Note

The accounting period end has been changed from June to December and this report and accounts is for an 18 month period. Column headings throughout indicate the following:—

1971/2 12 months ended 27th June 1972
 1972/3 18 months ended 1st January 1974
 1973 12 months ended 1st January 1974
 (unaudited)

1972 and 1973 are also used to show information as at 27th June 1972 and 1st January 1974.

Results at a Glance

	1972/3 (18 months to December 1973)	1973 (12 months to December 1973)	1971/2 (12 months to June 1972)	Increase per cent.
	£	£	£	
TURNOVER	290,087,000	209,678,000	118,751,000	77
PRE-TAX PROFITS	9,520,000	7,286,000	3,963,000	83
PROFIT AVAILABLE FOR DISTRIBUTION	4,690,000	3,447,000	2,196,000	57
NET EARNINGS PER 10p SHARE	22p	16p	12p	33
NET DIVIDENDS PER 10p SHARE	5.2p	3.6p	2.9p	24
DIVIDEND COVER	4.2	4.3	4.1	5

The increase per cent. column compares the unaudited figures for 12 months to December 1973 with 1971/2.

From the Chairman

Dear Shareholder,

My last report to shareholders on 14th September 1973 covered the first 12 months of the 18 months trading period. In the final 6 months to 1st January 1974 group profits were £3.8m, compared with £2.2m for the corresponding period in 1972. Group turnover and profits for the 18 months reached new levels of £290m and £9.5m respectively as compared with £119m and £4m for the preceding 12 months.

During the trading period we have written off against profits a proportion of the development and opening costs of the hotels and casinos, the whole of the initial hotel trading losses and the costs involved in absorbing the Essoldo group bingo halls acquired in July 1973. An additional profit of £105,000, after tax, has been earned from the sales of assets and investments.

We are fortunate in that leisure activities seem to be little affected by the troubles that an economic crisis brings to industry. While we will not be spared from increased operating costs in 1974, the gross margin earned from a planned rise in turnover should provide the profits to maintain our record of marked annual growth. Turnover and profits for the first 3 months have reached new peaks for this period.

Property Valuation and Assets

Last October we instructed surveyors to revalue our larger United Kingdom properties and at that time these valuations showed a surplus above book values of over £3m. Because of the uncertainty currently surrounding the property market we have decided against bringing these figures into our balance sheet at this time. However, we are satisfied that the market values of our properties continue to be in excess of the book figures. Jones, Lang, Wootton, S.A. valued our Brussels development on the 1st January 1974 at a surplus of £1.74m but, although Belgian property prices are firm, we felt it would be inconsistent to credit reserves with this one revaluation.

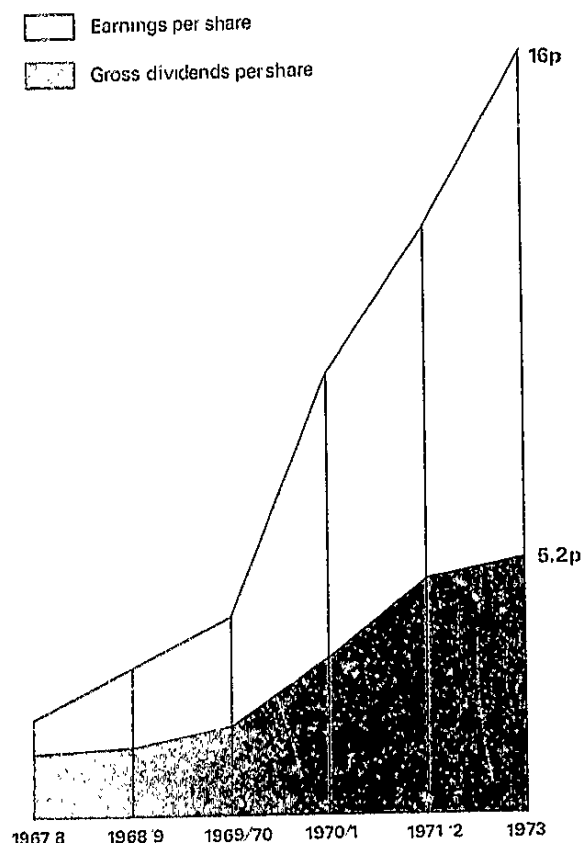
In the last 3 accounting periods the book values of our net assets, excluding goodwill and before off-setting loan capital, have risen from £5.4m to £20.2m to a current £40.4m. Loan capital now totals £21.6m, including £7.2m 8% loan stock repayable 1990/2 and £5.7m of long term loans repayable by 1982 or later. Our gearing is reasonable and we intend to keep it that way.

Since January we have negotiated at 8% interest rates two bank loans of .6m and 1m Maltese pounds (total sterling value £1,771,000) repayable in 1976 and 1979.

From the Chairman (continued)

Dividend and Earnings per Share

The maximum gross dividend we are permitted to pay is 77.9% for the 18 months and we are therefore proposing a balancing final of 22.9% including the related tax credit. The dividend cost for 18 months is covered 4.2 times and compares with the total dividend which was equal to 48% for the previous 12 months.



After allowing for the 1 for 4 scrip issue in November 1972 and new issues during the period, the overall earnings per share are 22p. For comparative purposes we calculate earnings per share for the 12 months to December 1973 and 12 months to June 1972 at 16p and 12p respectively.

Property Division

We established this division to provide an increased asset base for the group. Our current investment programme totals £35m of which £25m is in respect

of developments in Belgium, France and Holland. Overseas developments are largely financed by long term borrowings in local currencies.

The policy which we laid down for our property developments ensured that these be independently financed. The fact that over two thirds of our current development is outside the United Kingdom is no accident, but it follows directly from our deliberate policy of creating prime city-centre investments without incurring a shortfall discounting years of growth. Accordingly, all our continental investments are planned to produce sufficient revenue on first letting to meet at least the financing costs. In the United Kingdom we have concentrated on prime industrial estates and well located provincial office properties, where the initial gap between yield and interest rate is small or non-existent even at today's rates.

We hold the view that first class property projects are still the finest and least volatile hedge against inflation, by their producing real capital appreciation in the medium and long term.

Racing Division

Our cash betting division continues to expand and prosper and is on a firm earnings base. At the beginning of 1967 we had less than 50 licensed betting offices. We are now the largest operator in the field with 1,135 units at the year end. In 1967 we termed this activity bookmaking; today we are in the business of retail betting.

I would like to explain how we establish a "mark-up" on the betting commodities we retail. The basis for it is the race-course market, where the dealers trade at a gross profit of around 9%, their final prices governing off-course transactions. Judicious dealing in the market and the "mix" of bets in our shops have the effect of improving our "mark-up" over the base 9%. The business experience of the divisional managing director and assistant managing director reflect our philosophy. The former gained his retailing experience in supermarkets and the latter has covered every area of the betting industry.

The problems of credit betting are increasing. The business operates on low margins and in recent years has made a limited contribution to group profits. Although the increased betting duty will act adversely we intend to remain in this area of betting. Ladbrokes began credit betting in the 1890's and has always enjoyed a unique reputation. Its activities are the subject of wide media comment which is of considerable value to the group as a whole.

In the current period our client debtor list has risen by

£138,000 which is not included in the profits before tax since our accounts are on a cash basis.

Entertainments Division

In October 1971 we set up our entertainments division which operates bingo social clubs and theatre clubs. There is little in common between the bingo hall of the 1960's and its counterpart of today. A social atmosphere has been created and differing types of entertainment are provided, attracting a much wider public. With 78 clubs and an additional 17 planned for 1974 we are now one of the largest operators in the country.

The division has attained a growth of turnover and profits which even by our standards is exceptional. A case in point is the Cesars Palace complex just off the M1 at Luton. When we acquired it in 1971 it was earning around £1,000 per annum. In the 12 months to December 1973 profits were £92,000 and a 60% increase is planned in 1974.

Holidays Division

Ladbroke Holidays are now one of the "big 3" operators in the United Kingdom offering accommodation and facilities for 30,000 people at any one time. Our centres offer a complete variety of holidays from self-catering chalets to camping and boating. Our fleet of hire craft is the largest in the world. With the emphasis on "Holidays at Home" in 1974, the division is looking forward to record business.

Hotels and Casinos

Malta was our first leisure diversification. Effectively we operated a casino and employed an American group to manage our hotel. In profit terms we have always done reasonably well; in terms of management experience it has been invaluable. Based on that total experience we decided to trade in the United Kingdom.

Now our 5 casinos in England enjoy an enviable reputation and our four-star city centre hotels in Bristol, Leeds and Middlesbrough are highly regarded. Although only 66 hotels in England were rated as top class in the 1974 Michelin Guide, all 3 "Dragonaras" attained this rating.

Our conservatism in avoiding building hotels in London will doubtless be appreciated, but we do take the view that the surplus of hotel rooms in the metropolis and in other capital cities of Europe is a phase that will pass. Accordingly, we will seek to consolidate our position in the industry by purchasing further hotels when financing costs are more reasonable.

Ritz Hotel, Paris

During 1972 and 1973 we acquired a stake of 13.6% in the Ritz Hotel, Paris, the world's most prestigious hotel. We are now the third largest shareholder and look to increase our holding since this is a first class investment with great potential.

Growth and 1974

Our leisure divisions remain on a high earnings basis and are planning a positive cash flow in 1974 which allows for a controlled programme of acquisitions and capital improvements.

It has long been held in management texts that a high risk is attached to companies which seek to develop new lines of activity and that their success rate is low. I have heeded this view. It is a characteristic of our original trade to minimise risk and this has been the overriding consideration in examining new ventures. During the years of diversification we have constantly resisted proposals which, although seemingly attractive, did not meet the criteria which we set. These criteria are that the venture be within the leisure services industry, that it should be closely related in nature to our existing activities and that our management skills and expertise can be applied. These criteria will continue in being and only if they are met will we enter new sectors.

The chart on page 25 shows our growth and our projections for 1974. We are happy with the balance between our two business areas, leisure services and property development, and our expansion is planned to maintain this balance.

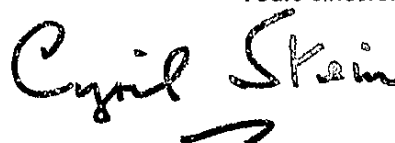
Our People

The number of full-time and part-time staff employed by the group in the United Kingdom at 1st January 1974 was 12,761. I would like to express my thanks to them; they are the most important factor in our success. I would particularly like to thank the managing directors of the divisions, the group directors and directors of group services for their loyalty and invaluable support which enabled us to achieve the record results for 1972/3.

Annual General Meeting

I look forward to reporting to you personally at the annual general meeting to be held at 3 p.m. on 30th May 1974 at Winchester House, London EC2.

Yours sincerely,



26th April 1974

Directors and Officers

DIRECTORS

Chairman and Managing Director

Cyril Stein

Deputy Chairman and Financial Director

Eric William MacAdie, F.C.A.

Directors

William Henry Brooman

Kenneth Russell Cork, F.C.A.

Derek James Sate, F.C.A.

Robert Stanley Upsdell

SECRETARY

Christopher Henry Andrews, A.C.I.S.

REGISTERED OFFICE

Ganton House, Ganton Street, London W1A 2LD

Telephone: 01-734 8252 Telex: 22274

Cables: Adherbal, London

REGISTERED NUMBER

London 566221

REGISTRARS and TRANSFER OFFICE

Williams & Glyn's Registrars Limited,

16 Old Broad Street, London EC2N 1DL

Telephone: 01-588 6234

AUDITORS

Turquands Barton Mayhew & Co., Chartered Accountants,

Lynton House, 7 Tavistock Square, London WC1H 9LS

SOLICITORS

Stilgoes, Ormond House, 3 Duke of York Street,
St. James's, London SW1Y 6JS

Southall & Co., 1-4 Yarmouth Place, Brick Street,
London W1Y 7DW

PRINCIPAL BANKERS

National Westminster Bank Limited

Barclays Bank Limited

Report of the Directors (continued)

figure to be in the region of B.Fr. 15m to B.Fr. 25m giving rise to an overall surplus on the site of £1.74m.

Grant & Partners carried out valuations of certain of the company's United Kingdom investment and dealing properties as at 1st October and 31st December 1973 and 28th February 1974 and are of the opinion that their open market values are in excess of book values.

As regards the principal operating properties of the various divisions, while there are variations between book values at 1st January 1974 and market valuations calculated on an open market basis relating to yields prevailing at 28th February 1974, the directors consider that the values reflected in the accounts give a true and fair view of the worth of the properties to the group.

The above values should, of course, be considered in the context of the full valuation reports prepared by Jones, Lang, Wootton, S.A. and Grant & Partners which explain the basis on which the valuations were carried out and the assumptions made. Copies of the reports may be inspected at the company's registered office.

Shareholders

The following is a summary of the holdings of issued 10p ordinary shares of the company at the year end and at 27th June 1972:—

	(a)	1973	1972
Group 1			
C. Stein	(b)	2,072,982	1,723,387
E. W. MacAdie		12,500	10,000
W. H. Brooman		520,000	438,000
K. R. Cork		29,687	23,750
H. Dawson		resigned	444,564
I. Stein		retired	230,000
Group 2			
E. W. MacAdie	(c)	3,229,518	2,681,615
		5,864,687	5,551,316
Group 3	(d)	1,342,012	1,656,541
Other shareholders		14,970,090	9,035,155
Total in issue	(a)	22,176,789	16,293,012

Group 1—Shares in which group directors and their wives and infant children were interested beneficially or under settlements other than those referred to below.

Group 2—Shares held by group directors as trustees in which they were not beneficially interested.

Group 3—Shares in which associate directors and directors of subsidiaries and their wives and infant children were interested beneficially or under settlements or as trustees.

- In November 1972 shareholders received a scrip issue of 1 additional share for every 4 held.
- Since 1st January 1974 C. Stein has transferred 50,000 shares to a charitable trust for no consideration and has sold 20,000 shares.
- Jointly held with B. B. Lieberman who retired as a group director during the period, but remains a director of a subsidiary company.
- Including the holdings (beneficial) of the following who were appointed group directors on 2nd January 1974:—

	1973	1972
D. J. Sate	26,656†	17,625
R. S. Upsdell	20,000	not applicable

†1,000 since sold.

Under the executive share incentive scheme D. J. Sate holds 21,875 shares (.5056p per share paid) not included above.

- The total number of registered shareholders at 1st January 1974 was 10,491.

Except as disclosed above, no changes in the group directors' shareholdings have taken place between 1st January 1974 and 10th April 1974.

At the date of this report, as far as the registrar is aware, apart from the director named above, there are no other individual members holding more than 10% of the issued share capital. Except as disclosed above, the company is not a party to any arrangements enabling group directors to acquire benefits through the acquisition of shares in this or any other company, nor is it a close company.

Directors

B.B. Lieberman and I. Stein retired and H. Dawson resigned as directors during the period. D. J. Sate and R. S. Upsdell were appointed directors on 2nd January 1974.

In accordance with the company's articles of association, no director retires by rotation but D. J. Sate and R. S. Upsdell, having been appointed directors since the last annual general meeting, retire and offer themselves for re-election.

Report of the Directors (continued)

Directors' Interests in Shares in Subsidiary Companies

No director had any interests in the shares of any subsidiaries except The Kursaal Company Limited of Malta, "Kursaal", for which details at the year end and 27th June 1972 are as follows:—

		Ordinary shares of M25 cents each		7% Participating preference shares of £M1 each	
		1973	1972	1973	1972
Beneficially held					
E. W. MacAdie		2,400	2,400	250	250
C. Stein		retired	10,624	—	nil
Otherwise held					
C. Stein	(a)	14,640	14,640	nil	nil
E. W. MacAdie		120,424	120,424	nil	4,000
K. R. Cork	(b)	10,000	10,000	1,183	1,183
H. Dawson		resigned	45,000	—	nil
		<hr/>	<hr/>	<hr/>	<hr/>
		147,464	203,088	1,433	5,433
Ladbroke Group Limited and subsidiary		631,080	631,080	nil	125,789
Other shareholders		421,456	365,832	513,567	383,778
		<hr/>	<hr/>	<hr/>	<hr/>
Total in issue		1,200,000	1,200,000	515,000	515,000

(a) C. Stein is a controlling shareholder of a private company which holds these shares.

(b) K. R. Cork is a partner in a firm which holds these shares.

No changes have taken place in the above directors' interests between 1st January 1974 and 10th April 1974.

Directors' Other Interests

Acting as a trustee, E. W. MacAdie purchased during the period two small hotels from the group.

Except as disclosed, none of the directors has any other interest, direct or indirect, in any contract entered into by the company or its subsidiaries.

Apart from D. J. Sate who holds warrants to subscribe for 7,000 shares, none of the directors has any interest, beneficial or otherwise, in the 8% loan stock or the warrants.

Employees

At 1st January 1974, the total number of full-time and part-time employees in the United Kingdom was 12,761. The average number of full-time employees (and directors) during the period was approximately 1,600, and there was an average of approximately 4,200 part-time employees. Total remuneration of all employees amounted to £16,179,000 for the period.

Group Turnover and Profits

An analysis is given on page 14.

Principal Subsidiaries and Activities

A list is given on page 22.

Exports

Exports (including invisibles) during the period were not less than £189,000; 1971/2 nil.

Payments to Charitable and Political Organisations

	1972/3 £000	1971/2 £000
Charitable	21	7
Political	nil	nil
	<u>21</u>	<u>7</u>

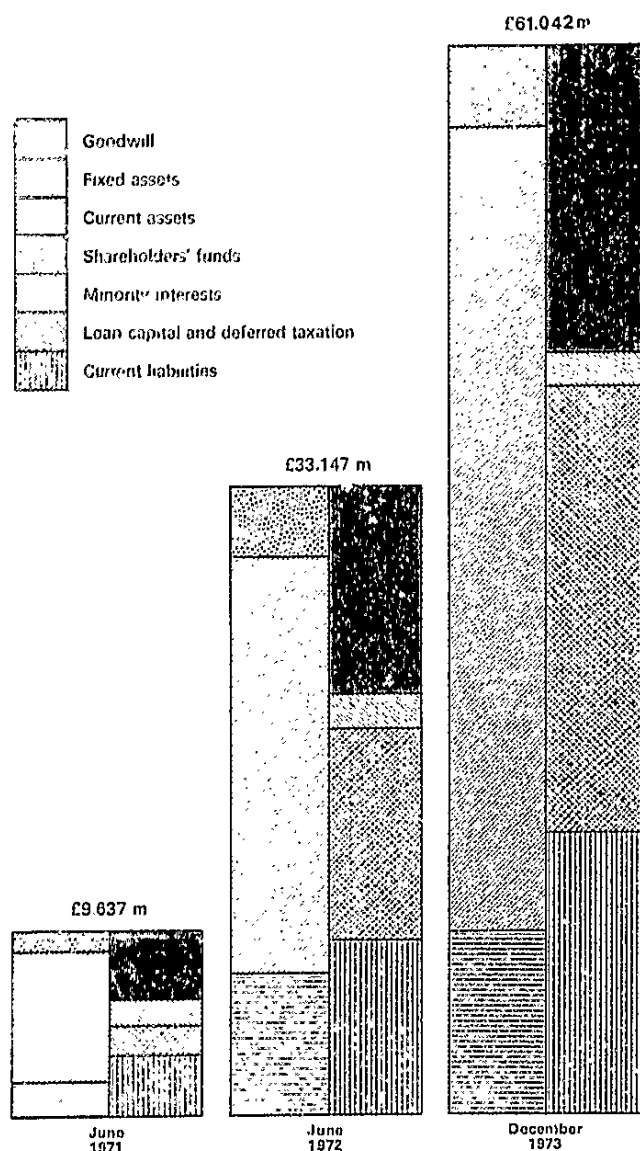
Auditors

The auditors, Turquands Barton Mayhew & Co., will continue in office in accordance with section 159 (2) of the Companies Act 1948.

By order of the board
C. H. ANDREWS, A.C.I.S.
Secretary

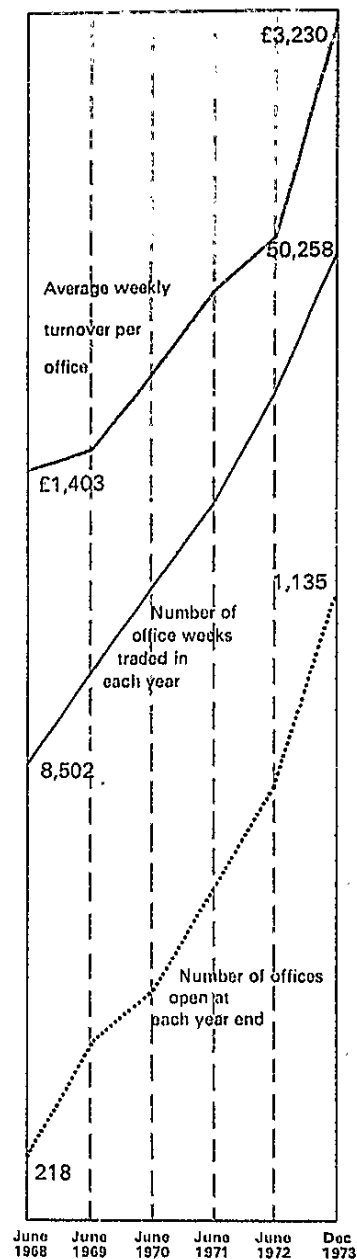
26th April 1974

Allocation of total assets



This chart demonstrates the overall growth of group assets since June 1971 and the analysis of these assets over the main headings. It also shows how the liabilities are covered and the increase of shareholders' funds over the same period.

Growth of the cash betting division



The chart above shows the growth of our licensed betting office business from June 1968 to December 1973. During this time the number of betting offices has risen from 218 to 1,135 with the number of office weeks (i.e. the aggregate number of weeks in which all offices traded in the year) rising from 8,502 in 1968 to 50,258 in 1973. At the same time, the average weekly turnover per office has increased from £1,403 to £3,230.

Notice of Meeting

Notice is hereby given that the annual general meeting of LADBROKE GROUP LIMITED will be held in Room 14, Winchester House, 100 Old Broad Street, London EC2 on Thursday, 30th May 1974, at 3 p.m. for the following purposes:—

- 1 To receive and adopt the reports of the directors and auditors and the statement of accounts for the period ended 1st January 1974.
- 2 To declare a final dividend of 15.343% net (22.9% gross including related tax credit).
- 3 To re-elect as directors D. J. Sate and R. S. Upsdell following their retirement in accordance with the articles of association.
- 4 To authorise the directors to fix the remuneration of the auditors.
- 5 To transact any other business of an annual general meeting.

By order of the board

C. H. Andrews, A.C.I.S.

Secretary

26th April 1974

Note

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies in accordance with the provisions of the company's articles of association, to attend and vote instead of him or her at such meeting. A proxy need not also be a member of the company and the appointment of a proxy does not preclude a member from attending if he or she wishes to do so. A form of proxy, which must be lodged at the company's transfer office, is enclosed for this purpose.

Copies of contracts of service between the company and directors will be available for inspection at the registered office of the company on any weekday (except Saturday) during normal business hours and at Winchester House for a period of fifteen minutes prior to, and during, the annual general meeting.

Report of the Auditors to the Members of Ladbroke Group Limited

In our opinion the accounts on pages 10 to 22 comply with the Companies Acts 1948 and 1967 and give, so far as concerns members of the company, a true and fair view of the state of affairs of the company and the group at 1st January 1974 and of the profit of the group for the period ended on that date. Unaudited figures are included for overseas developments as shown in note 10 (page 17) and for the accounts of 3 Malta subsidiaries for 6 months (note 1 (a) page 13). The accounts of Caister Group Limited and its subsidiaries are audited by other firms.

TURQUANDS BARTON MAYHEW & CO

Chartered Accountants

London

26th April 1974

Consolidated Profit and Loss Account

For the 18 months ended 1st January 1974

	NOTE	1972/3 (18 months)		1971/2 (12 months)	
		£000	£000	£000	£000
TURNOVER	2		290,087		118,751
PROFIT BEFORE TAXATION	2-3		9,520		3,963
TAXATION	4		2,768		1,309
PROFIT AFTER TAXATION			6,752		2,654
MINORITY INTERESTS		235		123	
PRE-ACQUISITION PROFIT		48		97	
			283		220
			6,469		2,434
TAX EQUALISATION			1,779		238
PROFIT AVAILABLE FOR DISTRIBUTION			4,690		2,196
EXTRAORDINARY ITEMS	5		105		35
			4,795		2,231
NET DIVIDENDS (Gross in 1971/72)	6		1,171		946
PROFIT RETAINED BY:—					
Holding company		1,329		438	
Subsidiaries		2,295		847	
			3,624		1,285
NET EARNINGS PER 10p SHARE					
Actual	7		22p		12p
Fully diluted	7		20p		11p

Consolidated Balance Sheet

At 1st January 1974

	NOTE	1973	1972
		£000	£000
FIXED ASSETS	8	35,800	21,101
INVESTMENT PROPERTIES	9	7,181	1,131
OVERSEAS DEVELOPMENTS	10	1,992	—
INVESTMENT SHARES	11	1,000	—
CURRENT ASSETS	12	10,512	6,966
ASSETS NOT CONSOLIDATED	13	—	370
		<u>56,485</u>	<u>29,568</u>
CURRENT LIABILITIES	14	16,081	9,349
		<u>40,404</u>	<u>20,219</u>
GOODWILL ON CONSOLIDATION	15	4,557	3,579
		<u>44,961</u>	<u>23,798</u>
FINANCED BY:—			
SHARE CAPITAL ISSUED	16	2,217	1,829
RESERVES	17	15,382	9,383
		<u>17,599</u>	<u>11,012</u>
SHAREHOLDERS FUNDS			
MINORITY INTERESTS		1,896	1,656
LOAN CAPITAL	18		
Long term 1982-1998		12,928	6,128
Other		<u>8,656</u>	<u>3,704</u>
		21,584	9,832
DEFERRED TAXATION	19	3,882	1,298
		<u>44,961</u>	<u>23,798</u>

C. Stein

E. W. MacAdie

Directors

Company Balance Sheet

At 1st January 1974

	NOTE	1973 £000	1972 £000
SUBSIDIARIES	22	22,456	12,151
CURRENT ASSETS			
Quoted investments (market value £3,000; 1972 £5,000)		3	3
Debtors and prepayments		69	66
Cash at bankers		<u>3</u>	<u>1,172</u>
		75	1,241
		<u>22,531</u>	<u>13,392</u>
CURRENT LIABILITIES			
Creditors and accrued charges		745	91
Current taxation		76	131
Final dividend (net in 1973, gross 1972)		<u>333</u>	<u>692</u>
		1,154	914
		<u>21,377</u>	<u>12,478</u>
FINANCED BY:—			
SHARE CAPITAL ISSUED	16	2,217	1,629
RESERVES	17	11,002	7,217
SHAREHOLDERS FUNDS		<u>13,219</u>	<u>8,846</u>
LOAN CAPITAL	18	8,063	3,577
DEFERRED TAXATION	19	95	55
		<u>21,377</u>	<u>12,478</u>

C. Stein
E. W. MacAdie } Directors

Notes to the Accounts

1 ACCOUNTING POLICIES

(a) Basis of consolidation

- i The trading weeks of most of the subsidiaries are made up to the Tuesday night nearest to the period end and therefore the dates used in these accounts were 27th June 1972 and 1st January 1974.
- ii Profits of the subsidiaries acquired or incorporated since 27th June 1972 as listed on page 22, have been consolidated from the dates quoted.
- iii The accounts for 1971/2 included unaudited consolidated results for the Caister Group Limited in respect of the 3 months ended 27th June 1972. These figures have been deducted from the audited results for the 21 months to December 1973.
- iv Kursaal accounts have been included for the 18 months to 30th November 1973.
- v The accounts of Kursaal and the 2 other Malta subsidiaries are unaudited for their last 6 months' trading period.
- vi The accounts of the Dutch subsidiaries have not been audited.

(b) Shares and loan stock with warrants attached

Premiums and discounts on issue have been calculated by reference to the market prices laid down in the acquisition contracts.

(c) Property sales

Profits are included by reference to contract dates where completion has taken place before or shortly after the end of the company's accounting period.

(d) Depreciation

- i Freehold land and buildings and betting and gaming licences are not depreciated.
- ii Consumable equipment of the hotel and casino companies is written off over an average life of 4 years or as replaced.
- iii Leasehold land and buildings are written off over the last 10 years of the lease and leasehold improvements, other than new buildings, are written off over the first 10 years, or over the life of the lease if less than 10 years.
- iv Caravans, equipment, vehicles and other miscellaneous assets are mainly depreciated on a straight line basis and hire craft are depreciated on a reducing balance basis. Both bases are estimated to write off the cost over the term of their useful lives.

(e) Promotional and development expenditure

- i Promotional expenses arising in the period prior to and for up to 6 months after the opening date are written off over a period not exceeding 2 years commencing no later than the end of the financial period in which the expenses are incurred.
- ii Development costs providing a long term benefit are identified to assets and capitalised.

(f) Tourist Board grants

Grants, less interest accrued pending settlement, have been deducted from the cost of the asset concerned.

(g) Interest charges

- i Interest accruing on hotel and chalet expenditure to the date of availability for occupancy has been capitalised.
- ii Interest accruing on investment and dealing properties prior to full letting is capitalised to the extent that it exceeds income receivable, and provided that the capital value of each individual property does not thereby exceed its market value. Once fully let, all income and expenditure is taken to profit and loss account.

(h) Taxation

Provision has not been made for any additional taxation which might arise should the retained reserves of overseas companies be remitted to the United Kingdom, nor has any provision been made in respect of any future liability on capital gains that could arise from the disposal of certain assets at values at which they are included in the balance sheet.

(i) Foreign currencies

The accounts of overseas subsidiary companies have been converted at the rates of exchange ruling at 1st January 1974; the resulting surplus has been credited to reserves.

Notes (continued)

2 TURNOVER AND PROFIT BEFORE TAXATION

	18 months 1972/3		12 months 1971/2	
	Turnover	Profit	Turnover	Profit
	£000	£000	£000	£000
Cash and credit betting, casinos and competitions	270,281	7,093	112,115	3,017
Hotels, holidays, bingo and other leisure activities	16,421	1,749	5,203	671
Hotel, restaurant and casino (Malta)	2,254	264	1,249	186
Property investment and dealing	1,131	414	184	89
	<u>290,087</u>	<u>9,520</u>	<u>110,751</u>	<u>3,963</u>

3 PROFIT BEFORE TAXATION is stated after

(a) Charging:—		
Betting and gaming duty	16,026	6,786
Betting levy (c)	1,039	480
Malta Government percentages on gaming and admission	328	198
Depreciation	1,694	525
Provisions for renewals of fixed assets	29	12
Interest on: loans repayable within 5 years	1,070	42
8% loan stock	600	57
other loans	605	102
Audit fees	78	33
Directors' emoluments (d)	83	49
(b) Crediting:—		
Interest and dividends received on:—		
quoted and unquoted investments	4	1
money, on call and short notice	42	9
Interest charged to capital projects	968	91

- (c) **Levy**
The betting levy, which is calculated at varying rates on turnover and profits, is payable to the Horserace Betting Levy Board by each subsidiary accepting bets on horseracing. The levy year runs to 31st March and is based on the results of the previous twelve months. Following the company's established policy, the charge in these accounts comprises three-quarters of the levy period to 31st March 1973 and three-quarters of the levy period to 31st March 1974. Alternatively the group could show a charge of £1.6m for 18 months based upon the actual turnover and leviable profits for 9 months to 31st March 1973 and the higher levy on the 9 months turnover to 1st January 1974. The extra charge in the period would be £.6m and the net liability after tax allowances would be £.3m.

(d) Directors' emoluments for the 18 months

Fees		
United Kingdom	6	6
Malta	10	7
Consultancy fee	12	8
Other emoluments	55	28
	<u>83</u>	<u>49</u>

Fees and emoluments include:—
The Chairman (being the highest paid director)

	35	16
Other directors		
Nil to £ 2,500	2	2
Over £ 2,500 but not exceeding £ 5,000	—	—
Over £ 5,000 but not exceeding £ 7,500	2	—
Over £ 7,500 but not exceeding £10,000	—	2
Over £10,000 but not exceeding £12,500	1	—
Over £12,500 but not exceeding £20,000	—	1
Over £20,000 but not exceeding £25,000	1	—

Notes (continued)

(e) Executives' emoluments include:—

	1972/3 18 months Number	1971/2 12 months Number
Over £10,000 but not exceeding £12,500	6	3
Over £12,500 but not exceeding £15,000	3	1
Over £15,000 but not exceeding £17,500	5	—
Over £17,500 but not exceeding £20,000	1	—
Over £20,000 but not exceeding £22,500	1	—
Over £22,500 but not exceeding £30,000	1	—

4 TAXATION

U.K. corporation tax based on the profit for the period at an average rate of 46%; 1971/2 40%
Overseas tax (a)

£000

2,762
22

2,784
16

2,768

£000

1,346

1,346

37

1,309

Provision in previous years no longer required

(a) No provision has been made for Maltese income tax on hotel profits as these are exempt. U.K. corporation tax is provided on dividends remitted after double tax relief.

5 EXTRAORDINARY ITEMS

Profit on sale of assets and investments

105

35

After deduction of tax of £nil; 1971/2 £23,000.

6 DIVIDENDS for the period

	%		%	
First interim on 21,461,020 shares	25.0	375	14.0	254
Second interim on 22,076,224 shares	30.0	454	—	—
Final proposed on 22,176,789 shares	22.9	333	34.0	692
Balance of dividend for 1971/2	—	9	—	—
	77.9	1,171	48.0	946

1972/3 dividend costs are shown net whereas those for 1971/2 are gross but the percentages are shown gross in both periods to facilitate comparisons. Additional shares issued on completion of acquisition contracts and on receipt of subscriptions in respect of share warrants have required an additional dividend payment for 1971/2 which has been shown gross in 1972/3. Certain shares issued only rank for a proportion of these dividends. The dividend percentages for 1971/2 have been adjusted for the subsequent scrip issue.

7 EARNINGS PER 10p SHARE

Actual

The rate for the 18 months has been calculated on an average of 21,396,189 shares divided into the profit (after tax equalisation) of £4.690m; 1971/2 18,422,351 shares and £2.196m. The rate for the 12 months ended December 1973 quoted in the "Results at a Glance" table has been calculated on an average of 22,068,869 shares divided into unaudited profits (after tax equalisation) of £3.447m.

Fully diluted

Allowances have been made for the conversion of outstanding loans, the subscription for shares in respect of the outstanding option and warrants and shares due to be issued in respect of the executive share incentive scheme, for the full period of 18 months or from the date of issue, if later.

Adjustments have been made in all comparative figures for subsequent scrip issues.

Notes (continued)

6 FIXED ASSETS—SUMMARY OF MOVEMENTS

	Total	Freehold and long leasehold properties	Short leasehold properties	Other fixed assets
	£000	£000	£000	£000
Cost and valuations				
At 27th June 1972	23,414	11,073	2,278	10,063
Exchange differences	230	194	—	36
Of newly acquired subsidiaries	2,822	1,518	214	1,090
Additions and improvements at cost or valuation	15,969	4,072	1,150	10,747
	<u>42,435</u>	<u>16,857</u>	<u>3,642</u>	<u>21,936</u>
Book value of disposals	2,671	1,751	66	854
At 1st January 1974	<u>39,764</u>	<u>15,106</u>	<u>3,576</u>	<u>21,082</u>
Representing assets stated at:—				
Valuation prior to 1967/8	363	19	—	344
Valuation as at 1967/8	244	—	—	244
Valuation in 1968/9	3,016	2,159	—	857
Valuation in 1969/70	91	—	—	91
Valuation in 1970/1	1,138	—	—	1,138
Valuation in 1971/2	7,663	5,472	516	1,675
Valuation in 1972/3	6,477	997 (a)	—	5,480
Cost	20,772	6,459	3,060	11,253
At 1st January 1974	<u>39,764</u>	<u>15,106</u>	<u>3,576</u>	<u>21,082</u>
Depreciation				
At 27th June 1972	2,313	65	438	1,810
Of newly acquired subsidiaries	298	7	71	220
Amount provided	1,694	44	464	1,186
	<u>4,305</u>	<u>116</u>	<u>973</u>	<u>3,216</u>
Eliminated in respect of disposals	341	46	41	254
At 1st January 1974	<u>3,964</u>	<u>70</u>	<u>922</u>	<u>2,962</u>
Net book values at cost or valuation, less depreciation				
At 27th June 1972	<u>21,101</u>	<u>11,008</u>	<u>1,840</u>	<u>8,253</u>
At 1st January 1974	<u>35,800</u>	<u>15,036 (a)</u>	<u>2,644</u>	<u>18,120 (b)</u>
		1973		1972
(a) Freehold and long leasehold properties		£000		£000
Freehold		9,597		4,866
Long leasehold (over 50 years)		5,439		3,410
Hotels under construction		—		2,732
		<u>15,036</u>		<u>11,008</u>

During the period certain freehold property was valued on acquisition by chartered surveyors on an existing use basis.

(b) Other fixed assets

Betting and gaming licences (c)	10,043	4,563
Hire craft and caravans at cost less depreciation	1,449	307
Equipment, vehicles and miscellaneous at cost less depreciation	6,628	2,893
	<u>18,120</u>	<u>8,253</u>

(c) Betting and gaming licences have been valued by the directors by reference to the cost of acquiring or obtaining licences, including the compensation paid to vendors for the surrender of their licences in respect of promises acquired and, in respect of company acquisitions, by reference to the estimated compensation of £6.1m (1971/2 £2.9m) that would have been payable.

Notes (continued)

	1973 £000	1972 £000
9 INVESTMENT PROPERTIES		
Properties held by the property division for development, renting and capital appreciation		
Freehold U.K.	2,902	1 091
Overseas	3,789	
Long leasehold U.K.	490	40
	<u>7,181</u>	<u>1,131</u>

There were no developments wholly completed at these dates.

10 OVERSEAS DEVELOPMENTS

This item represents initial expenditure in connection with property ventures in France and Holland. The figure is made up of freehold properties £1.731m, deposit on tender £.139m and other assets £.122m. This investment has been financed by £.638m included under secured loans repayable after ten years, £1.078m secured short term loans, £.240m unsecured short term loans and £.036m current liabilities. The foregoing transactions having been made in the last two months of the period are unaudited.

11 INVESTMENT SHARES

Quoted at cost (market value £227,000)	481	—
Unquoted at cost (directors valuations £37,000)	34	—
Unquoted at cost plus acquisition expenses and rolled up interest (directors valuation £627,000) (a)	485	—
	<u>1,000</u>	<u>—</u>

(a) 13,223 voting and 13,266 non voting shares being 13.6% and 13.64% of each class in the total issued share capital of the Ritz Hotel Limited (Paris).

12 CURRENT ASSETS

Dealing property, at cost	3,549	1,266
Quoted investments (market value £3,000; 1972 £18,000)	3	14
Amounts due from clients (a)	590	451
Stocks at cost	1,206	1,260
Debtors and prepayments	2,935	1,711
Money on deposit	1,245	1,334
Cash at bankers and in hand	<u>984</u>	<u>912</u>
	<u>2,229</u>	<u>2,256</u>
	<u>10,512</u>	<u>6,966</u>

Notes (continued)

- (a) Amounts due from clients have been included at directors' valuation. Debts not collected by 16th January 1974 have been excluded from the profit and loss account as the accounts of the credit betting subsidiaries are prepared on the basis of cash collected. The amount remaining outstanding was £590,000, being £138,000 above the 1972 figure. The deferred taxation on the amounts due which, if collected in 1974, would be payable on 1st July 1976 has been estimated at £307,000; 1972 £181,000.

13 ASSETS NOT CONSOLIDATED

The items not consolidated at 27th June 1972 have now been consolidated and there are no such items at 1st January 1974.

14 CURRENT LIABILITIES

	1973 £000	1972 £000
Betting duty	1,474	537
Creditors and accrued charges	7,619	3,992
Bank overdrafts (partly secured)	4,809	2,333
Current taxation	1,846	1,795
Net final dividend (1972 gross)	333	652
	<u>16,081</u>	<u>9,349</u>

15 GOODWILL ON CONSOLIDATION

Being part of the cost of shares in subsidiaries in excess of the book values of net assets

At 27th June 1972	3,579	316
Net additions during period		
Holiday division	356	3,063
Property and other divisions	622	200
	<u>4,557</u>	<u>3,579</u>

16 SHARE CAPITAL

	10p ordinary shares		
Authorised (a)	<u>30,000,000</u>	<u>3,000</u>	<u>2,000</u>
Issued and fully paid			
At 27th June 1972	16,293,012	1,629	1,305
In respect of acquisitions	1,703,518	170	269
On conversion of share warrants (b)	13,176	1	—
On conversion of loan notes	42,133	4	55
On one for four capitalisation issue	4,124,950	413	—
	<u>22,176,789</u>	<u>2,217</u>	<u>1,629</u>

- (a) Authorised share capital
Increased to £3,000,000 by the creation of 10,000,000 additional shares in November 1972.
- (b) Warrants to subscribe for ordinary shares by 31st December 1987
Warrants were outstanding at 1st January 1974 to subscribe for 2,237,021 ordinary shares at a price of 171.2p per share.

Notes (continued)

(c) Option

Under an agreement held on behalf of the ICI pension funds arising on the Essoldo bingo hall acquisition, 1,078,079 shares may be subscribed between 2nd July 1976 and 1st July 1983 at a price of 171.2p per share.

(d) Executive share incentive scheme

Those executives entitled to participate had accepted the company's offer by 4th January 1972 and on 9th January 1974 were allotted 334,375 shares at a price of 101.12p (.5056p paid) per share. This allotment follows Inland Revenue agreement but no further shares will be offered under this scheme in view of recent legislation. A new scheme will be submitted for shareholders' approval at a later date.

17 RESERVES - SUMMARY OF MOVEMENTS

	Group		Company	
	£000	£000	£000	£000
(a) Share premium				
Balance at 27th June 1972	5,573		5,573	
Arising on acquisitions:—				
Newtown group (items 17 to 20 page 22)	374		374	
Philip Joseph & Co. Limited	98		98	
Danny Quastel group (items 23 and 24 page 22)	710		710	
Cutler, Prescott group (items 25 and 26 page 22)	711		711	
Perran-Sands Holiday Centre Limited	175		175	
Essoldo bingo halls	1,039		1,039	
Conversion of loan notes	71		71	
Conversion of subscription warrants	22		22	
Capitalisation issue	(413)		(413)	
Other	(14)		(14)	
Loan stock discount	(321)		(321)	
		8,025		8,025
(b) Capital reserve				
Balance at 27th June 1972	585		314	
Sundry	(13)		4	
		572		318
(c) Preference share redemption reserve				
Balance at 27th June 1972		50		—
(d) Profit and loss account				
Balance at 27th June 1972	2,843		1,330	
Prior year adjustments (i)	(83)		—	
Tax equalisation account (ii)	(96)		—	
Transfer for the period	3,624		1,329	
		6,288		2,659
(e) Adjustment for amounts due from clients				
1972 £270,000 (See note 12 (a))		283		—
(f) Exchange equalisation				
1972 £62,000		164		—
		15,382		11,002

(i) includes provision for a possible claim in respect of casual labour costs.

(ii) Adjustment pursuant to tax rate change to 52% from 40% in respect of balance outstanding at 1972.

Notes (continued)

18 LOAN CAPITAL

	Long term £000	1973 Other £000	Long term £000	1972 Other £000
Holding company				
8% Guaranteed unsecured loan stock 1990/92 (a)	7,208	—	3,057	—
10% Unsecured loan notes repayable by 1977	—	141	—	141
Repayable within 5 years				
7% Convertible unsecured loan notes (b)	—	146	—	282
Unsecured loan notes	—	568	—	148
	<u>7,208</u>	<u>855</u>	<u>3,057</u>	<u>510</u>
Subsidiaries				
Secured bank loan repayable by 1982	3,431	—	2,400	—
Debentures, mortgages and secured loans repayable by 1992	478	—	590	—
Secured bank loan repayable by 1984	637	—	—	—
Secured bank loan repayable by 1998	1,160	—	—	—
Unsecured loan stock repayable by 1979	14	—	—	1,158
Unsecured bank loan repayable by 1988	—	—	71	—
Repayable within 5 years				
Mortgages and secured loans	—	6,573	—	367
Unsecured loans	—	1,228	—	1,671
	<u>12,928</u>	<u>8,656</u>	<u>6,128</u>	<u>3,704</u>

(a) Issued with warrants attached (see note 16(b)).

(b) Convertible at the option of the loanholders as to £75,000 on 14th January 1974 and £71,000 on 14th January 1975. Each tranche is convertible by the allotment of fully paid ordinary shares at the greater of the average middle market quotation per share (less 10%) during the 14 days prior to the conversion date or 48p. Any part of the loan not converted on or before 14th January 1975 will be repaid on that date.

19 DEFERRED TAXATION

	1973 £000	1972 £000
Corporation tax		
Due 1st January 1975 and 1st July 1975	1,756	818
Provisionally due between January and June 1976 (see note 12(a))	307	181
Tax equalisation account (a)	2,174	299
Advance corporation tax	(355)	—
	<u>3,882</u>	<u>1,298</u>

(a) The tax equalisation account represents taxation at 52% (1972 40%) on the excess of net book values over taxation written down values together with certain other timing differences. The movement in the period represents a current charge of £1.779m and prior year adjustments of £.096m.

(b) The figure in the company balance sheet represents tax equalisation provided in respect of certain subsidiaries amounting to £.450m in the period less advance corporation tax of £.355m.

20 CAPITAL COMMITMENTS

Authorised by the board but not contracted for	11,197	14,607
Contracted with third parties	5,832	1,784
	<u>17,029</u>	<u>16,451</u>

Of the above total, £16.224m (1972 £13.300m) is in respect of property developments.

Notes (continued)

21 CONTINGENT LIABILITIES

The group

In order to guarantee the due and proper performance of all its obligations (including the payment of the prescribed penalty), Kursaal has granted the Government of Malta a general charge on its property for the amount of £M210,000.

In order to carry out the various property developments in the U.K. and overseas, guarantees have been given in respect of loans amounting to £3.638m.

The company

There are bank guarantees in respect of overdrafts of certain subsidiaries which at 1st January 1974 amounted to £.531m; 1972 £.279m.

Guarantees have also been given in respect of the hotel subsidiary's secured bank loan amounting to £3.4m which is repayable by 1982.

Contingency note

A further issue of 8% loan stock with warrants attached could arise in respect of the consideration paid for the Essoldo bingo halls. Following advice received from counsel however, the directors are of the opinion that no provision need be made.

22 SUBSIDIARIES

Kursaal shares

	1973 £000	1972 £000
Valued by directors in 1969	810	810
Additions less disposals at cost	(115)	31
(Market Value £523,000; 1972 £665,000)	695	841
Other shares		
Valued by directors in 1967	831	831
Purchases since 1967 at cost	10,596	9,812
	12,122	11,484
Amount due from subsidiaries	14,118	6,359
	26,240	17,843
Amount due to subsidiaries	3,784	5,692
	22,456	12,151

Principal subsidiaries are listed on page 22. Any profit on the sale of the shares of any subsidiary for cash could create a tax liability.

Principal Subsidiaries and Activities

- 1 Ladbroke's Lucky Seven Entertainments Limited
- 2 Arbitor & Weston Limited
- 3 Ladbroke Racing Limited (formerly named Town & County Betting Limited)
- 4 Ladup Limited
- 5 Ladbroke & Co., Limited
- 6 Ladbroke Holidays Limited
- 7 Caister Group Limited
- 8 Herbert Woods Limited
- 9 English & Overseas Hotels Limited
- 10 London & Leeds Investments Limited (74.9993%)
- 11 London & Leeds Investments (Belgium) S.A. (80%)
- 12 Techno Limited (90%)
- 13 Techno Land Improvements Limited (90.0901%)
- 14 Town and County Factors Limited
- 15 Ganton House Investments Limited
- 16 The Kursaal Company Limited (52.59%)

Ladbroke's Lucky Seven Entertainments Limited
 Ladbroke & Co., Limited
 Ladbroke Holidays Limited
 Caister Group Limited
 Herbert Woods Limited
 English & Overseas Hotels Limited
 Property - holding company
 - investment, Belgium
 - dealing
 - investment
 Control services
 Property holding
 Hotel and casino - Malta

Subsidiaries acquired or incorporated since 27th June 1972

17 Newtown Entertainments Limited	Bingo social clubs	Date from which accounts consolidated
18 Newtown Entertainments (Dudley) Limited		4th September 1972
19 Newtown Entertainments (Kingston) Limited		
20 Newtown Entertainments (Stone Cross) Limited		
21 Philip Joseph & Co., Limited	Cash betting	10th September 1972
22 Hunt & Hunt Limited		23rd October 1972
23 Danny Quastel (Turf Accountants) Limited		29th October 1972
24 Danny Quastel (Rotherhithe) Limited		
25 Cutler, Prescott Limited		4th February 1973
26 W. H. Cutler (Midlands) Limited		1st March 1973
27 Brinkworth Bros. Limited		
28 F. W. McLean Limited		22nd October 1973
29 Syd Mark & Co. Limited	Holiday centres	16th March 1973
30 Fort Warden (I.O.W. Holidays) Limited		
31 Sinah Developments (Landford) Limited		
32 Sinah Investments Limited		
33 Nodes Point Holidays Limited		
34 A. G. Figgins (Enterprises) Limited		1st May 1973
35 Perran-Sands Holiday Centre Limited		5th September 1972
36 London & Leeds Developments Limited	Property--services	
37 County Grounds Development Limited (50.00001%)	---U.K.	
38 London & Leeds Investments (Holland) B.V.	---Holland	21st November 1973
39 London & Leeds Investments 1B.V.		
40 London & Leeds Investments 2B.V.		
41 London & Leeds Investments 3B.V.		
42 London & Bardco Developments B.V.		4th December 1973
11 London & Leeds Investments (Belgium) S.A. (80%)	---Belgium	21st August 1972

All new subsidiaries except companies 11 and 42, which were incorporated after 27th June 1972, were acquired either for cash or cash and the following fully paid ordinary shares and/or 8% loan stock (with warrants attached) :-

Companies	Operating	Shares	Loan Stock £
17-20	5 bingo clubs	162,498	285,714
21	11 betting offices	42,500	—
22	2 betting offices	—	19,416
23-24	137 betting offices	398,935	728,155
25-26	52 betting offices	384,616	—
27-28	14 betting offices	—	250,000
35	1 holiday centre	100,444	—
Totals issued in respect of company acquisitions		1,088,993	1,283,285

In addition to the above, at 1st January 1974 there were 74 other subsidiaries with similar activities. All subsidiaries are wholly owned except for those companies where the percentage of equity share capital held within the group is shown in brackets. The percentage holding in company 37 belongs to company 13 and companies 39, 40 and 41 belong to company 38. The holdings in companies 11, 12, 13, 36, 38 and 42 belong to company 10.

Apart from company 11 incorporated in Belgium, companies 38 to 42 incorporated in Holland, company 16 and two other subsidiaries incorporated in Malta and a company registered in Scotland, all subsidiaries are incorporated in Great Britain and registered in England.

Increase in Fixed Assets and Investment Properties and Source of Funds

	1973	1972
	£000	£000
CAPITAL PURCHASES AND ACQUISITIONS		
LESS DISPOSALS		
Fixed assets	16,393	13,954
Investment properties	6,050	1,131
Overseas developments	1,992	—
Investment shares	1,000	—
Revaluation surplus	—	860
	<u>25,435</u>	<u>15,945</u>
FINANCED BY:—		
PROFIT AVAILABLE FOR DISTRIBUTION	4,690	2,190
Increased by: depreciation	1,694	525
profit on sale of assets and investments	105	35
	<u>6,489</u>	<u>2,756</u>
Reduced by: not dividends; 1972 gross	<u>1,171</u>	<u>946</u>
CHANGE DUE TO TRADING OPERATIONS	5,318	1,810
BALANCE SHEET MOVEMENTS		
Bank overdrafts and loans—net	2,503	273
Stocks, prepayments, debtors and creditors	<u>683</u>	<u>673</u>
CHANGE IN CURRENT ASSETS/LIABILITIES	3,186	946
TOTAL CASH FLOW FROM TRADING	<u>8,504</u>	<u>2,756</u>
CAPITAL MOVEMENTS		
Share capital	588	324
Share premium	2,452	5,232
Other reserves	(77)	463
Minority interests	240	475
Loan capital	11,752	9,174
Deferred taxation	<u>2,584</u>	<u>598</u>
CHANGE ON CAPITAL ACCOUNT	<u>17,539</u>	<u>16,266</u>
TOTAL CASH FLOW ALL SOURCES	<u>26,043</u>	<u>19,022</u>
EXPENDED: ON GOODWILL	(978)	(2,767)
ON ASSETS NOT CONSOLIDATED	370	(1,100)
	<u>25,435</u>	<u>15,945</u>

Growth Record From 1967

Year	1973 £000	1971/2 £000	1970/1 £000	1969/70 £000	1968/9 £000	1967/8 £000
TURNOVER	<u>209,673</u>	<u>118,713</u>	<u>88,361</u>	<u>71,614</u>	<u>48,087</u>	<u>39,525</u>
Profit before taxation	7,286	3,963	2,508	1,102	398	426
Taxation	<u>2,282</u>	<u>1,309</u>	<u>945</u>	<u>381</u>	<u>280</u>	<u>126</u>
Net profit after taxation	5,004	2,654	1,563	721	618	300
Minority interests and pre-acquisition profit	<u>176</u>	<u>220</u>	<u>129</u>	<u>138</u>	<u>143</u>	<u>16</u>
	<u>4,828</u>	<u>2,434</u>	<u>1,434</u>	<u>583</u>	<u>475</u>	<u>284</u>
Tax equalisation	<u>1,381</u>	<u>238</u>	<u>29</u>	<u>73</u>	<u>—</u>	<u>—</u>
Profit available for distribution	<u>3,447</u>	<u>2,196</u>	<u>1,405</u>	<u>510</u>	<u>475</u>	<u>284</u>
DIVIDENDS	<u>781</u>	<u>580</u>	<u>307</u>	<u>166</u>	<u>126</u>	<u>121</u>
Share capital issued	2,217	1,629	1,305	1,025	1,025	1,025
Reserves	<u>15,382</u>	<u>9,383</u>	<u>2,403</u>	<u>1,394</u>	<u>1,166</u>	<u>206</u>
Shareholders' funds	17,599	11,012	3,708	2,419	2,191	1,231
Minority interests	1,896	1,656	1,181	1,194	1,058	35
Loan capital	21,584	9,832	658	517	642	—
Deferred taxation	<u>3,882</u>	<u>1,298</u>	<u>700</u>	<u>314</u>	<u>137</u>	<u>32</u>
TOTAL FINANCE EMPLOYED	<u>44,961</u>	<u>23,798</u>	<u>6,247</u>	<u>4,444</u>	<u>4,028</u>	<u>1,298</u>
NET DIVIDENDS per 10p share	3.6p	2.9p	2.0p	1.1p	.8p	.8p
EQUIVALENT GROSS DIVIDENDS per 10p share	5.2p	4.8p	3.2p	1.8p	1.4p	1.3p
NET EARNINGS per 10p share	16p	12p	9p	4p	3p	2p
CUMULATIVE GROWTH RATE %	700	500	350	100	50	—

Notes:—

- Accounting periods end at June with the exception of 1973 where the accounting date is December. The figures extracted for the 12 months to December 1973 are unaudited.
- The 1973 dividends are two thirds of the dividends declared in respect of the 18 month period.
- Earnings per share have been based on the unaudited profits for the 12 months to December 1973 of £3,447m divided by an average of 22,068,869 shares.
- Comparative figures for dividends and earnings per share calculations have been adjusted for subsequent scrip issues.
- For the years 1967/8 to 1971/2 net dividends are shown after deduction of tax at the rates ruling for those years.

The development of Ladbroke Group 1963-1973

U.K. to

1963

7 Area offices

1963

17 Shops 4 Area offices

1966

31 Shops 4 Area offices Malta Casino

1967

COMPANY FLOATED

109 Shops 5 Area offices Malta Hotel & Casino

1970

481 Shops 9 Area offices

1971

30 Clubs 680 Shops 9 Area offices 1 Casino

1972

6 Holiday Centres 73 Clubs 1000 Shops 10 Area offices 5 Casinos
Boat Hire (250 Craft) 1 Theatre restaurant

10 Development Sites

1973

9 Holiday Centres 78 Clubs 21140 Shops 10 Area offices 3 Hotels 5 Casinos
Boat Hire (400 Craft) 2 Theatre restaurants

30 Development Sites

1974

10 Holiday Centres 85 Clubs 12000 Shops 10 Area offices 4 Hotels 6 Casinos
Boat Hire (450 Craft) 3 Theatre restaurants

35 Development Sites

HOLIDAYS

ENTERTAINMENTS

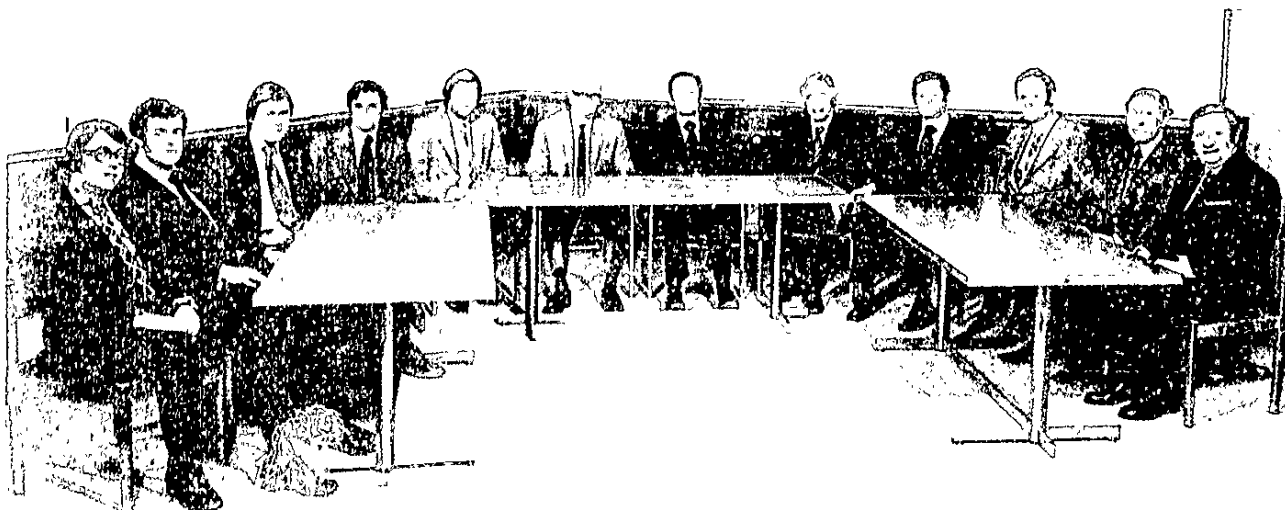
RETAIL BETTING

CREDIT BOOKMAKING

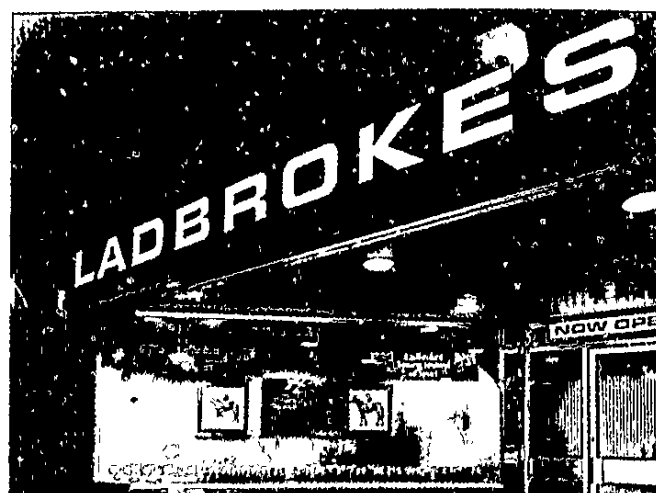
MALTA HOTEL HOTELS & CASINO

CASINOS

PROPERTY INVESTMENTS



Ladbroke's 1974 Spring Festival of Sport is a major promotional campaign encompassing all Ladbroke's activities. These pictures show one of our shops "dressed" for the Festival of Sport. Festival awards will be made for outstanding sporting achievements.

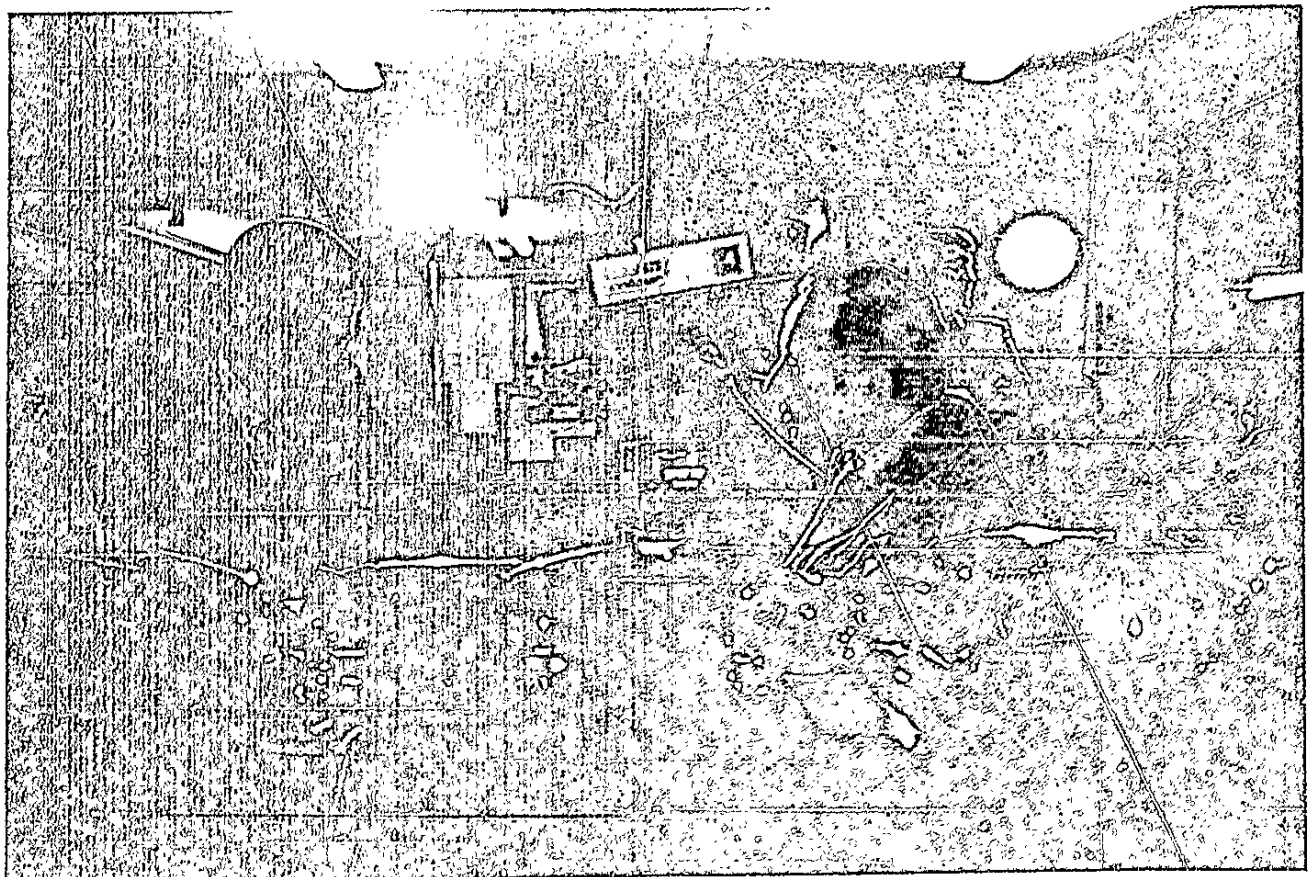


On election night the BBC transmitted from our telephone room at Harrow, a new element in election night TV coverage. The programme was presented by Julian Wilson who is seen here discussing the latest odds with Cyril Stein

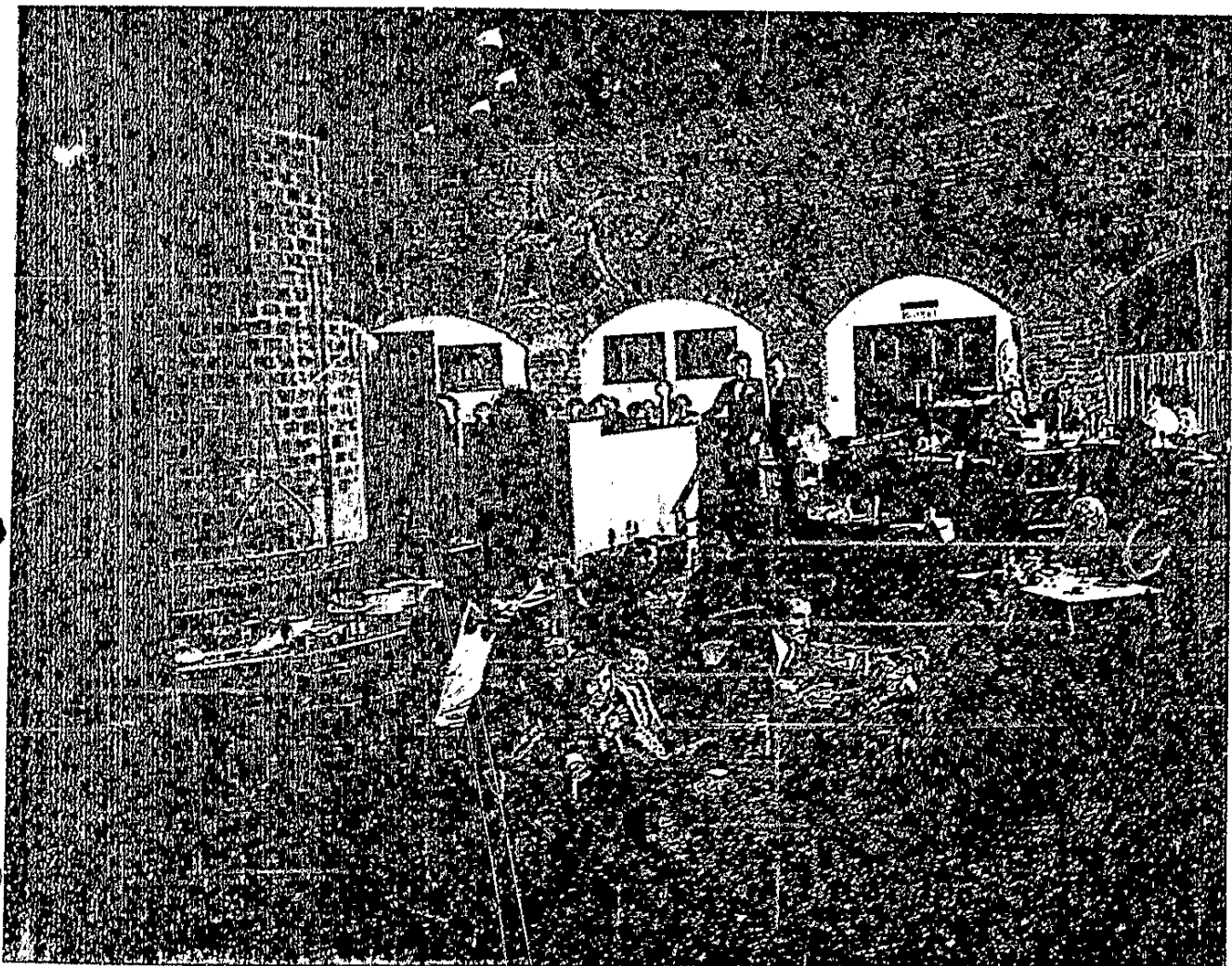
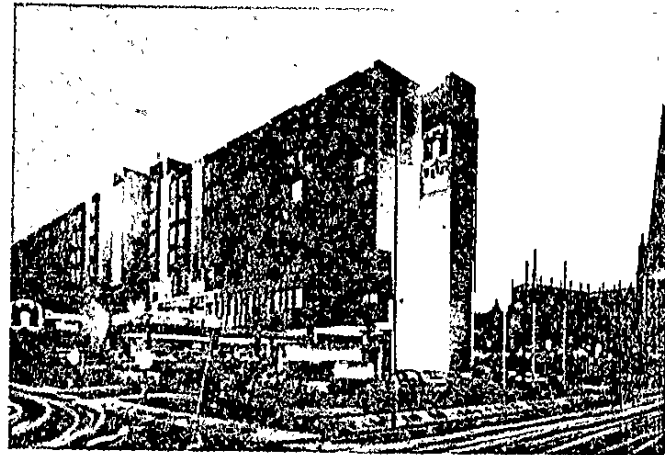
Ladbroke's Election Prices

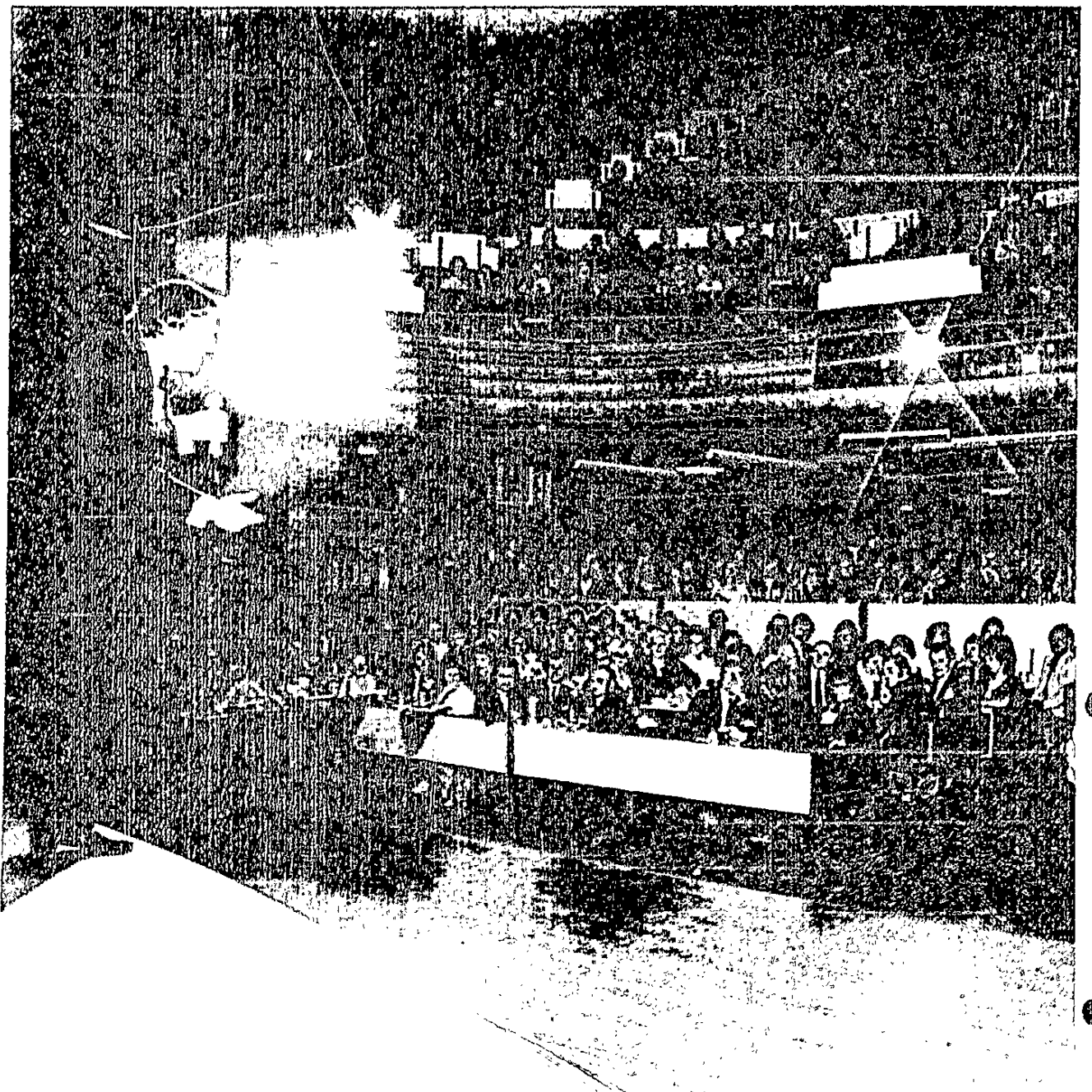
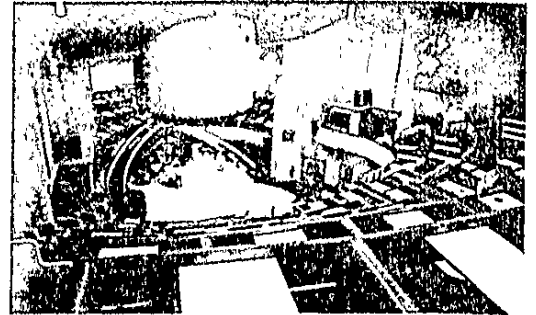
Candidate's
(£)

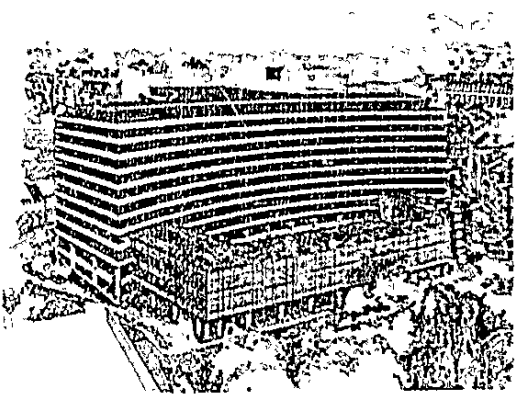
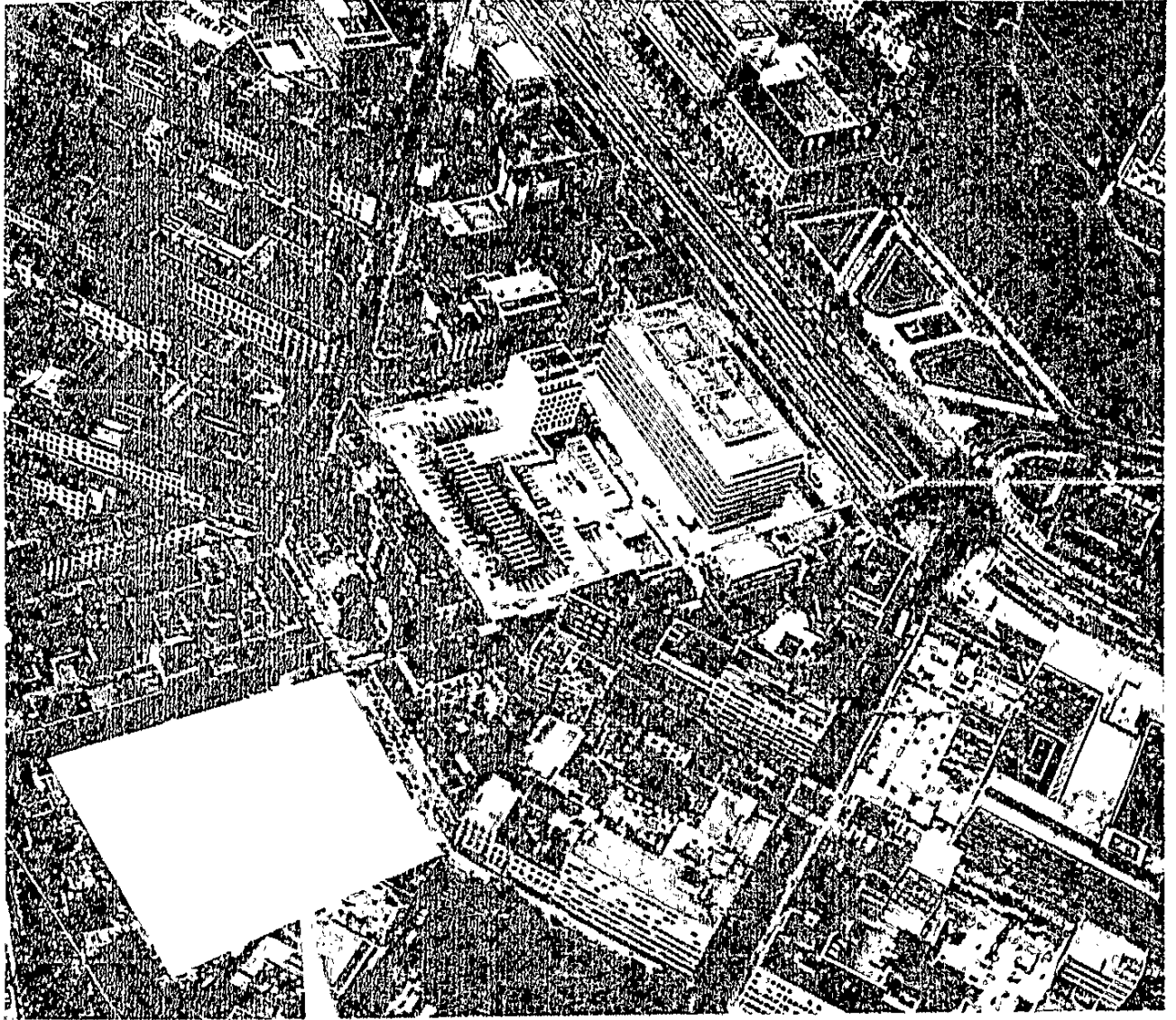
Overall Majority
Con. Lab.



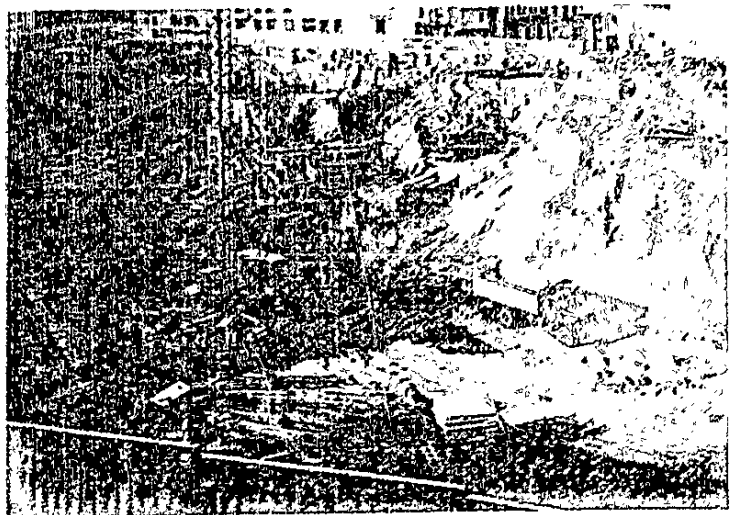
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Our 40,000 square metres office development to 2000
Square Meters, the heart of Brussels.



Two aspects of our holiday centres.



Financial Events and Diary

1967

27 September Shares first quoted on London Stock Exchange. Initial offer price 10s. per 5s. share.

1970

18 November Annual general meeting. Final dividend of 17.5% and scrip issue of 1 share for every 5 held approved and distributed to holders registered on 20th October 1970.

1971

8 February Interim results and dividend of 10% announced.
15 February Shares quoted ex. div.
8 April Interim dividend paid to holders registered on 2nd March 1971.
29 June Financial year end.
14 October Profit and final dividend of 30% announced.
15 October Offer to acquire share capital of Arbiter & Weston Limited became unconditional.
18 October Shares quoted ex. div.
18 November Annual general meeting. Final dividend paid to holders registered on 18th October 1971.

1972

1 February 5s. shares consolidated and sub-divided into 10p shares.
February Interim results and dividend of 17.5% announced.
14 February Shares quoted ex. div.
4 April Offer to acquire share capital of Caister Group Limited became unconditional.
Issue date of 8% loan stock with warrants attached.
10 April Interim dividend paid to holders registered on 6th March 1972.
27 June Financial year end.
19 October Profit and final dividend of 42.5% announced.
October Shares quoted ex. div.

1972

16 November Annual general meeting. Final dividend paid and scrip issue of 1 share for every 4 held approved for distribution, to holders registered on 20th October 1972.
6 December 5.4% interest paid in respect of 247 days on 8% loan stock.

1973

7 February Interim results and dividend of 25% announced.
14 May Shares quoted ex. div.
6 June Six months' interest paid on 8% loan stock.
5 July Interim dividend paid to holders registered on 4th June 1973.
12 September Interim results for 12 months and second interim dividend of 30% announced.
17 September Shares quoted ex. div.
12 October Second interim dividend paid to holders registered on 17th September 1973.
6 December Six months' interest paid on 8% loan stock.

1974

1 January 18 months accounting period end.
17 April Profit and final dividend of 22.9% announced.
29 April Shares to be quoted ex. div.
30 May Annual general meeting.
31 May Final dividend to be paid to holders registered on 10th May 1974.
6 June Six months' interest to be paid on 8% loan stock.
19 September Interim results and dividend to be announced.
30 September Shares to be quoted ex. div.
31 October Interim dividend to be paid to holders registered on 11th October.
6 December Six months' interest to be paid on 8% loan stock.
31 December Financial year ends.

Note

Dividends quoted are gross and for 1973 and 1974 include the related tax credit.