

BASEFLAME LIMITED

Report and Financial Statements

26 December 2000

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



BASEFLAME LIMITED

REPORT AND FINANCIAL STATEMENTS 2000

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BASEFLAME LIMITED

REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr W L Haygarth
Mr D Lowrey
Mr T D Singer
Mr I J Spearing
Mr S Wasani

SECRETARY

Mr N E Blythe-Tinker

REGISTERED OFFICE

Greenside House
50 Station Road
Wood Green
London N22 7TP

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

BASEFLAME LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the 52 week period ended 26 December 2000.

PRINCIPAL ACTIVITIES

The Company is a subsidiary of William Hill Holdings Limited and together with other subsidiaries of that company forms the William Hill Group of companies ("the Group").

The Company was formed for the purpose of the acquisition of William Hill Limited and following this transaction has not traded.

REVIEW OF BUSINESS DEVELOPMENTS AND FUTURE ACTIVITIES

The state of the Company's affairs and results for the period are shown in the attached financial statements.

The directors do not recommend payment of a dividend for the period. Total capital and reserves at 26 December 2000 amounted to £650,000 (28 December 1999 – £650,000).

The Company is not expected to trade for the foreseeable future.

DIRECTORS

The present membership of the Board of directors is set out on page 1. The directors who served during the period and subsequently are:

Mr J M Brown	(resigned 21 March 2001)
Mr W L Haygarth	
Mr R Lambert	(resigned 12 April 2001)
Mr D Lowrey	(appointed 21 March 2001)
Mr L J McGuigan	(resigned 17 May 2000)
Mr T D Singer	(appointed 21 March 2001)
Ms I J Spearing	(appointed 21 March 2001)
Mr S Wasani	(appointed 21 March 2001)

The directors' interests and rights to subscribe for shares in the ultimate parent company (William Hill Holdings Limited) are disclosed in the financial statements of William Hill Organization Limited. Neither the directors nor the secretary had any interest in the share capital of the Company or any other Group company (except as disclosed in the accounts of William Hill Organization Limited) at any time during the period.

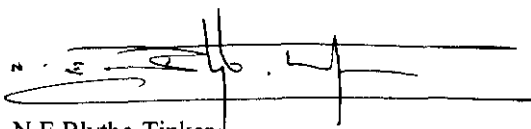
TERMS OF PAYMENT

The Company has made no trade purchases during the current financial period and therefore the number of creditor days outstanding is not presented.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors. A resolution to re-appoint them will be proposed at the next Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



N E Blythe-Tinker
Secretary

19 October 2001

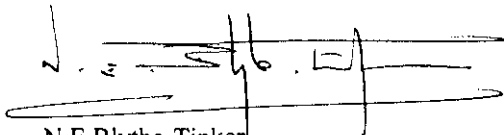
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors
and signed on behalf of the Board.

A handwritten signature in black ink, appearing to read 'N E Blythe-Tinker', is written over a horizontal line. The signature is stylized with a large 'N' and 'E'.

N E Blythe-Tinker
Secretary

19 October 2001

AUDITORS' REPORT TO THE MEMBERS OF BASEFLAME LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 26 December 2000 and of its result for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE

Chartered Accountants and
Registered Auditors

26 October 2001

BASEFLAME LIMITED

PROFIT AND LOSS ACCOUNT 52 week period ended 26 December 2000

		52 week period ended 26 December 2000 £'000	Period from 26 February 1999 to 28 December 1999 £'000
	Note		
Amounts written off investments	4	-	(326,053)
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		-	(326,053)
Net interest payable and similar charges	5	-	(2,171)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(328,224)
Tax credit on loss on ordinary activities	6	-	651
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	11	-	(327,573)

There have been no recognised gains or losses other than those included in the profit and loss account above for the current and preceding financial period.

Movements in reserves and shareholders' funds are set out in note 11.

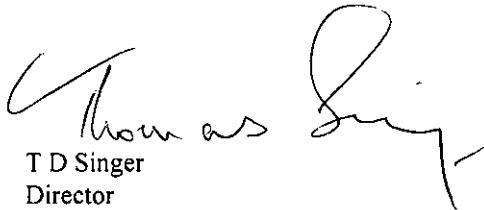
BASEFLAME LIMITED

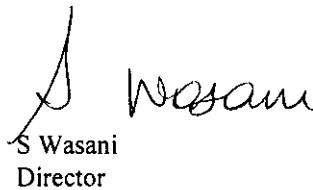
BALANCE SHEET 26 December 2000

	Note	26 December 2000 £'000	28 December 1999 £'000
CURRENT ASSETS			
Debtors due after more than one year	8	651	651
CREDITORS: amounts falling due within one year	9	(1)	(1)
NET CURRENT ASSETS		<u>650</u>	<u>650</u>
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Profit and loss account	11	<u>650</u>	<u>650</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	11	<u>650</u>	<u>650</u>

These financial statements were approved by the Board of Directors on 19 October 2001.

Signed on behalf of the Board of Directors


T D Singer
Director


S Wasani
Director

BASEFLAME LIMITED

NOTES TO THE ACCOUNTS

52 week period ended 26 December 2000

1. ACCOUNTING POLICIES

The significant accounting policies of the Company are as follows:

Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention.

A cash flow statement, as required by Financial Reporting Standard ("FRS") 1 has not been prepared, as the Company is a wholly owned subsidiary of William Hill Holdings Limited, a company incorporated in Great Britain and the consolidated accounts of William Hill Holdings Limited include a cash flow statement in the form prescribed by FRS 1.

Deferred taxation

Deferred taxation is provided on timing differences arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates of which it is expected that tax will arise.

2. STAFF COSTS

There are no employees of the Company in the financial period. All UK employees of the Group are employed by William Hill Organization Limited or William Hill Holdings Limited. The details of the average monthly number of employees and remuneration in the period are disclosed in the financial statements of William Hill Organization Limited.

The directors of the Company are also directors of other trading and holding companies within the Group and it is not practicable to allocate their remuneration for the financial period between their services to each company. Therefore details of their remuneration for the periods ended 26 December 2000 and 28 December 1999 are disclosed in the financial statements of William Hill Organization Limited.

	52 week period ended 26 December 2000 No.	Period from 26 February 1999 to 28 December 1999 No.
The number of directors who are members of:		
Defined benefit pension scheme	3	4

Disclosures in respect of the defined benefit pension scheme are provided in the financial statements of William Hill Organization Limited.

3. AUDITORS' REMUNERATION

Auditors' remuneration for the Company is borne by the company's fellow subsidiary, William Hill Organization Limited, and is disclosed in the financial statements of that company.

BASEFLAME LIMITED

NOTES TO THE ACCOUNTS

52 week period ended 26 December 2000

4. AMOUNTS WRITTEN OFF INVESTMENTS

	52 week period ended 26 December 2000 £'000	Period from 26 February 1999 to 28 December 1999 £'000
Write off of investment in William Hill Limited	-	(326,053)

5. NET INTEREST PAYABLE AND SIMILAR CHARGES

	52 week period ended 26 December 2000 £'000	Period from 26 February 1999 to 28 December 1999 £'000
Interest receivable	-	4
Interest payable on purchase consideration	-	(2,175)
	-	(2,171)

Interest payable relates to interest charged on the purchase consideration for William Hill Limited.

6. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	52 week period ended 26 December 2000 £'000	Period from 26 February 1999 to 28 December 1999 £'000
Group relief receivable Current period	-	651

The tax credit for the previous period was £651,000 as the Company made losses during that period which were surrendered as group relief.

7. INVESTMENTS

At 26 December 2000 and 28 December 1999 the Company owned 50,001 deferred shares in William Hill Limited. The holders of these shares are not entitled to dividends or assets of the Company, other than on liquidation when an amount not exceeding the par value of the share is payable. Deferred shareholders are not entitled to attend and vote at general meetings.

The company wrote off its investment in William Hill Limited in 1999.

BASEFLAME LIMITED

NOTES TO THE ACCOUNTS

52 week period ended 26 December 2000

8. DEBTORS

	26 December 2000 £'000	28 December 1999 £'000
Amounts owed by group undertakings due after more than one year	651	651

Amounts owed by group undertakings due after more than one year comprise amounts due in respect of group relief. Payment for these amounts is prohibited under the terms of an Intercreditor Agreement and the Senior debt facilities entered into by William Hill Limited and William Hill Organization Limited, fellow subsidiaries of the Company, without the prior agreement of the Group's banks.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	26 December 2000 £'000	28 December 1999 £'000
Amounts owed to group undertakings	1	1

10. CALLED UP SHARE CAPITAL

	26 December 2000 £	28 December 1999 £
Authorised, called up, allotted and fully paid: 2 ordinary shares of £1 each	2	2

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Share capital £'000	Profit and loss account £'000	Total £'000
Balance at 29 December 1999	-	650	650
Result for the financial period	-	-	-
Balance at 26 December 2000	-	650	650