Company Registration No. 3991008

# Matsdom Limited

## Report and Financial Statements

## 28 December 2004

# Matsdom Limited

## Report and financial statements 2004

## Contents

# Matsdom Limited

## Report and financial statements 2004

## Officers and professional advisers

**Directors**

Mr D Lowrey
Mr T D Singer
Mr I J Spearing
Mr S Wasani

**Secretary**

Ms A Macqueen

**Registered Office**

Greenside House
50 Station Road
Wood Green
London
N22 7TP

**Auditors**

Deloitte & Touche LLP
Chartered Accountants
London

# Matsdom Limited

## Directors' report

The directors present their report and audited financial statements for the 52 week period ended 28 December 2004.

### Principal activities

The principal activity of the Company is the supply of office supplies and services, including the supply of general office materials, and property management.

The Company is a subsidiary of William Hill PLC, which together with other subsidiaries of that company forms the William Hill Group of companies ("the Group").

### Review of business developments and future prospects

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

The directors do not recommend payment of a dividend for the period (30 December 2003 – £nil).

Trading has been difficult in the period. The level of supply of stationery materials is not expected to increase.

### Directors

The present membership of the Board of directors is set out on page 1.

The directors who served throughout the period, except as noted, and subsequently are:

Mr W L Haygarth (resigned 29 October 2004)
Mr D Lowrey
Mr T D Singer
Mr I J Spearing
Mr S Wasani

The directors' interests in the shares and rights to subscribe for shares in the Company's ultimate parent company (William Hill PLC) are disclosed in the financial statements of William Hill Organization Limited. Neither the directors nor the secretary had any interests 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.

### Post balance sheet events

The Group has secured new loan facilities of £1.2bn with a consortium of banks (the 'new facilities'). The new facilities became available from 2 March 2005 on a committed and underwritten basis and are structured as a £600m five year term loan and a £600m five year revolving credit facility.

On 18 June 2005, the Group acquired Stanley Leisure's retail bookmaking operations in Great Britain, Northern Ireland, the Republic of Ireland, Jersey and the Isle of Man for a total cash consideration of £504m.

### Adoption of International Financial Reporting Standards (IFRS)

The Group will adopt IFRS as the primary basis for reporting for the 52 week period ending 26 December 2006. It does not expect the adoption of IFRS to have a material impact on the reporting of financial performance as compared to results prepared in accordance with UK GAAP.

The Company has evaluated the benefits of adopting IFRS and does not currently consider it beneficial to move away from producing financial statements under UK GAAP. This decision will be reassessed from time to time.

# Matsdom Limited

## Directors' report (continued)

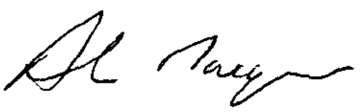
### Terms of payment

William Hill Organization Limited, another operating company within the Group, discharges all expenditure on behalf of the Group's UK subsidiaries. William Hill Organization Limited's normal practice is to agree terms of trading, including payment terms, with suppliers to all UK Group undertakings and, provided suppliers perform in accordance with agreed terms, it is the Group's policy that payment should be made accordingly. At 28 December 2004 the number of creditor days for William Hill Organization Limited was 20 days (30 December 2003 – 16 days).

### Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



Ms A Macqueen
Secretary
17 October 2005

# Matsdom Limited

## Statement of directors' responsibilities

United Kingdom 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

## Independent auditors' report to the members of Matsdom Limited

We have audited the financial statements of Matsdom Limited for the 52 week period ended 28 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

***Basis of audit opinion***

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

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 28 December 2004 and of its loss for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

**Deloitte & Touche LLP**
Chartered Accountants and Registered Auditors
London
17 October 2005

## Matsdom Limited

## Profit and loss account
## 52 week period ended 28 December 2004

| | Notes | 52 week period ended 28 December 2004 £ | 52 week period ended 30 December 2003 £ |
|---|---|---|---|
| **Turnover** | 1 | 84,922 | 77,720 |
| Cost of sales | | (45,532) | (38,470) |
| **Gross profit** | | 39,390 | 39,250 |
| Operating expenses | | (49,837) | (38,480) |
| Operating (loss)/ profit | 2 | (10,447) | 770 |
| Net interest payable | 4 | (683) | - |
| **(Loss)/profit on ordinary activities before taxation** | | (11,130) | 770 |
| Tax credit/(charge) on (loss)/profit on ordinary activities | 5 | 3,339 | (231) |
| **(Loss)/profit on ordinary activities after taxation and retained (loss)/profit for the period transferred (from)/to reserves** | 9 | (7,791) | 539 |

There have been no recognised gains or losses other than those included in the profit and loss account for the current and preceding financial period, and accordingly no statement of total recognised gains and losses has been presented.

All transactions in the current and preceding period are attributable to continuing activities.

## Matsdom Limited

## Balance sheet
## 28 December 2004

| | Notes | 28 December 2004 £ | 30 December 2003 £ |
|---|---|---|---|
| **Current assets** | | | |
| Debtors | 6 | 977 | 10,565 |
| **Creditors: amounts falling due within one year** | 7 | (8,244) | (10,041) |
| **Net current (liabilities)/assets and total assets less current liabilities** | | (7,267) | 524 |
| **Capital and reserves** | | | |
| Called up share capital | 8, 9 | 1 | 1 |
| Profit and loss account | 9 | (7,268) | 523 |
| **Total equity shareholders' (deficit)/funds** | 9 | (7,267) | 524 |

These financial statements were approved by the Board of Directors on 17 October 2005.

Signed on behalf of the Board of Directors

T D Singer
Director

S Wasani
Director

# Matsdom Limited

## Notes to the accounts
## 52 week period ended 28 December 2004

1. **Accounting policies**

The significant accounting policies of the Company are as follows and have been applied consistently in both the current and preceding periods:

**Basis of preparation**

The financial statements have been prepared under the historical cost convention in accordance with law and accounting standards applicable in the United Kingdom.

A cash flow statement, as required by Financial Reporting Standard ("FRS") 1 (Revised) Cash Flow Statements has not been prepared, as the Company is a wholly owned subsidiary of a company incorporated in Great Britain and the consolidated accounts of the Group include a cash flow statement in the form prescribed by FRS 1 (see note 10).

William Hill Organization Limited, another operating company within the Group, discharges all expenditure including auditors' remuneration on behalf of the Group's UK subsidiaries with appropriate charges being made to the Company for its share of the cost. William Hill Organization Limited also holds leases on behalf of other Group companies.

**Turnover**

Turnover represents amounts receivable in respect of sales of office supplies and services which occurred by the period end. The directors consider this to be a single class of business, and the turnover arises exclusively within the United Kingdom. Consequently, segmental information is not presented.

**Tax**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Leases**

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the periods of the leases. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

# Notes to the accounts
## 52 week period ended 28 December 2004

### 2. Operating (loss)/profit

| | 52 week period ended 28 December 2004 £ | 52 week period ended 30 December 2003 £ |
|---|---|---|
| Operating (loss)/profit is stated after charging: | | |
| Operating lease rentals – land and buildings | 38,480 | 38,480 |

Expenses of the company and auditors' remuneration are borne by William Hill Organization Limited, as explained in note 1.

### 3. Staff costs

There are no employees of the Company in either the current or preceding 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 current period between their services to each company. Therefore details of their remuneration, for the 52 week period ended 28 December 2004 and the 52 week period ended 30 December 2003 are disclosed in the financial statements of William Hill Organization Limited.

| | 52 week period ended 28 December 2004 No. | 52 week period ended 30 December 2003 No. |
|---|---|---|
| The number of directors who are members of: | | |
| Defined benefit pension scheme | 4 | 5 |

Disclosures in respect of the defined benefit pension scheme, which has a deficit of £38,473,000 (30 December 2003: £31,727,000), are provided in the financial statements of William Hill Organization Limited.

### 4. Net interest payable

| | 52 week period ended 28 December 2004 £ | 52 week period ended 30 December 2003 £ |
|---|---|---|
| Interest payable on loans from Group undertakings | 683 | - |

# Matsdom Limited

## Notes to the accounts
## 52 week period ended 28 December 2004

**5. Tax (credit)/charge on (loss)/profit on ordinary activities**

| | 52 week period ended 28 December 2004 £ | 52 week period ended 30 December 2003 £ |
|---|---|---|
| Group relief receivable: | | |
| Current period | (3,339) | - |
| UK corporation tax | - | 231 |
| | (3,339) | 231 |

**Reconciliation to current tax (credit)/charge:**

| | 52 week period ended 28 December 2004 £ | 52 week period ended 30 December 2003 £ |
|---|---|---|
| (Loss)/profit before tax | (11,130) | 770 |
| Tax (credit)/charge at 30% (30 December 2003: 30%) | (3,339) | 231 |

**6. Debtors**

| | 28 December 2004 £ | 30 December 2003 £ |
|---|---|---|
| Other debtors | 977 | 10,565 |

**7. Creditors: amounts falling due within one year**

| | 28 December 2004 £ | 30 December 2003 £ |
|---|---|---|
| Trade creditors | 693 | - |
| Amount due to Group undertakings | 7,551 | 10,041 |
| | 8,244 | 10,041 |

# Matsdom Limited

## Notes to the accounts
## 52 week period ended 28 December 2004

**8. Called up share capital**

| | 28 December 2004 £ | 30 December 2003 £ |
|---|---|---|
| **Authorised:** | | |
| 1,000 ordinary shares of £1 each | 1,000 | 1,000 |
| **Called up, allotted and fully paid:** | | |
| 1 ordinary share of £1 | 1 | 1 |

**9. Reconciliation of movement in equity shareholders' (deficit)/funds and statement of movement in reserves**

| | Share capital £ | Profit and loss account £ | Total £ |
|---|---|---|---|
| At 31 December 2003 | 1 | 523 | 524 |
| Retained loss for the period | - | (7,791) | (7,791) |
| Balance at 28 December 2004 | 1 | (7,268) | (7,267) |

**10. Ultimate parent company and related party transactions**

The Company is taking advantage of the exemption granted by paragraph 3(c) of FRS 8, Related Party Disclosures, not to disclose transactions with companies within the William Hill PLC Group which are related parties.

At the balance sheet date, the Company's ultimate parent company and controlling party was William Hill PLC, a company incorporated in Great Britain. The Company's immediate parent company and controlling entity is William Hill Organization Limited, a company incorporated in Great Britain.

The parent company of the largest and smallest groups for which Group accounts are prepared of which this Company is a member is William Hill PLC, a company incorporated in Great Britain.

Copies of the financial statements of William Hill PLC, Will Hill Limited and William Hill Organization Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

**11. Post balance sheet events**

The Group has secured new loan facilities of £1.2bn with a consortium of banks (the 'new facilities'). The new facilities became available from 2 March 2005 on a committed and underwritten basis and are structured as a £600m five year term loan and a £600m five year revolving credit facility.

On 18 June 2005, the Group acquired Stanley Leisure's retail bookmaking operations in Great Britain, Northern Ireland, the Republic of Ireland, Jersey and the Isle of Man for a total cash consideration of £504m.