William Hill PLC
Annual Report and Accounts 2010

Transforming.
Innovating.
Performing.

Contents

William Hill is the UK's leading bookmaker and one of the most recognised and trusted betting and gaming brands in the country. Well-known for our 75-year sports-betting heritage, we also offer a full range of gaming products. We are continuously evolving our product range to meet the changing demands of a wide and diverse customer base looking for an exciting and entertaining gambling experience.

On the high street, online, on the phone and on the move, William Hill offers a market-leading betting and gaming experience.

'The Home of Betting' showcases some of the ways we are developing our business through our service, products, technology and our people.

We are one of the best-known and most trusted names in the gambling industry.

We provide gaming and betting services and are in the process of transforming our brand across our two core channels.

£276.8m
Operating profit[1] generated in 2010

£1,071.8m
Net revenue achieved in 2010

47:53
Even balance between gaming (47%) and betting (53%)

16,900
People employed around the world

Retail

More detail on page **08**

The UK's leading high-street bookmaker
We are the UK's number one bookmaker with 2,377 shops across the UK and in Ireland.

- Over-the-counter betting on sports and other events
- Gaming machines

Online

More detail on page **12**

A leading European operator
William Hill Online is one of Europe's leading online betting and gaming companies through williamhill.com and a series of other gaming websites.

- Sportsbook
- Casino
- Poker
- Bingo

1 Operating profit is defined as pre-exceptional profit before tax, interest and amortisation of £3.6m (2009: £5.5m) of certain Online intangible assets (see page 117)

Our ongoing transformation delivers strong performance

Performance overview

In my first statement as Chairman of William Hill PLC, I am pleased to report that the ongoing transformation of the business delivered a strong result in 2010, with outstanding growth from William Hill Online and a positive performance from the Retail channel against a backdrop of challenging economic conditions for our customers.

In its second year of operation, William Hill Online achieved growth of 24% in net revenue and 22% in operating profit[1], particularly benefiting from our efforts to expand and enhance our sports-betting and in-play offering. We also saw a strong performance from machines and football betting in Retail, reflecting the continued diversification of that channel and the benefit of a good World Cup result. This led to Retail growth of 8% in amounts wagered and 3% net revenue growth, with operating profit[1] slightly ahead of the prior year. The restructuring of our Telephone channel, which achieved a small operating profit[1], was successfully implemented in February 2011.

Overall, this resulted in a 7% increase in Group net revenue and an 8% increase in pre-exceptional profit before interest and tax. Basic adjusted earnings per share and basic earnings per share were 5% and 96% higher respectively, reflecting the improved financial result and in spite of the average number of shares being 9% higher in 2010 following the rights issue in March 2009.

Strong cash flow and balance sheet

The Group continues to be highly cash generative, with net cash inflow from operating activities of £224m in the year and a reduction in net debt for covenant purposes of more than £100m to just under £500m. In November 2010, we further strengthened the balance sheet by refinancing our bank debt facility, which was otherwise due to mature in March 2012. Our debt maturity profile is extended, with the new £550m facility maturing in November 2015 and our £300m bond maturing in November 2016. The new revolving facility enables more efficient use of the Group's capital and overall finance costs are expected to reduce as a result of a lower marginal cost of borrowing, lower amortisation of fees and de-designation of the remaining effective interest rate hedging arrangements.

Dividend

The Board has approved a final dividend of 5.8p per share (2009: second interim dividend of 5.0p per share), giving a total 2010 dividend of 8.3p per share (2009: 7.5p per share).

Net revenue £m

+7%

Group KPI

	£m
2008	963.7
2009	997.9
2010	**1,071.8**

Net revenue grew across all three channels in 2010. William Hill Online delivered 24% net revenue growth, driven by an outstanding 95% increase in Sportsbook. Retail benefited from 11% growth in gaming machines offsetting a 1% decline in over-the-counter net revenue with customers affected by the economic climate. Telephone benefited from an improved net revenue margin offsetting lower amounts wagered.

Operating profit[1] £m

+7%

Group KPI

	£m
2008	278.6
2009	258.5
2010	**276.8**

William Hill Online's top-line growth translated into a strong operating profit[1] result, up 22%. In Retail, cost growth of 5% largely offset the revenue growth to leave operating profit[1] slightly ahead year-on-year. Telephone returned to a small operating profit[1] after being loss-making in 2009. Central costs increased 35%, partly as a result of higher bonus payments reflecting a better-than-expected Group performance and through other employee costs.

Earnings per share (basic, adjusted) p

+5%

Group KPI

	p
2008	31.9
2009	20.6
2010	**21.7**

The 5% growth in EPS reflects the improvement in operating profit[1], offset by a 9% increase in the average number of shares in 2010 following the one-for-one rights issue in March 2009. The number of average shares was 697.9 million in 2010, 641.3 million in 2009 and 494.4 million in 2008.

Board changes

In August 2010, Charles Scott stood down as Chairman after six years in the role and after more than ten years' total service on the Board. On behalf of my fellow directors, I would like to record the Board's thanks to Charlie for his contribution to the success and development of the Group. During his tenure, he saw not only the successful flotation of the business in 2002 but also the diversification of the Retail business, the acquisition of the Stanley Leisure estate and the Playtech deal, which has contributed to the transformation of the Group's online business.

I was pleased to join the Group as non-executive Chairman on 1 September 2010. In my previous role, I was Chief Executive Officer of Imperial Tobacco Group PLC, a position I had held for 14 years as part of a 38-year career with the company. I am enthusiastic about drawing on my experience in the development and execution of strategy to help William Hill become a significant multi-national business in its sector.

As highlighted in last year's report, Neil Cooper joined the Board as Group Finance Director in May. His previous roles at Bovis Homes Group PLC and Whitbread PLC give him good experience in managing the financial aspects of a complex, multi-site leisure business.

I look forward to working with Ralph Topping, Neil Cooper and the non-executive directors in the continuing transformation of the well-respected and trusted William Hill business.

Corporate governance and responsibility

We are committed to high standards of corporate governance and corporate responsibility in the furtherance of shareholders' interests and protection of key stakeholders, including customers and employees. We have continued to make good progress in these areas, particularly in increasing our recycling, reinforcing our 'Think 21' age-protection measures and developing and supporting our employees. An overview of this year's progress is published on pages 24 to 33 and 46 to 50.

Our people are key to delivering sustainable shareholder value and I would like to recognise and thank them for their commitment throughout 2010. It is their efforts that have enabled us, in spite of the challenging economic conditions, to deliver these strong results.

Outlook

Looking forward, while we recognise the economic environment will continue to be challenging in 2011 for all consumers, we are confident our customer-focused, multi-channel approach, extensive product offering and our exploitation of technological advances ensure we are well placed.

We are continuing to expand our product offering and to invest in technology to enhance the customer experience, particularly in Online. We are also using our trading capability to deliver differentiating pricing and offers, and increasing the profile of our brand through continuing marketing investment. In Online, we will build on the very encouraging developments in mobile betting and in-play, and will launch sites for some international targets in the coming months. In Retail, we are focused on delivering an attractive and competitive product range, particularly in football and gaming, allied to superior customer service. We continue to invest in the Retail estate with opportunities to deliver good returns on expansionary capital and are confident of the appeal of this channel and its diversified product range to a wide group of customers.

The combination of our fast-growing Online business and appealing Retail offering, together with the expertise of our employees and our attractive product range, give the Board great confidence as we pursue an agenda of innovation and international development.

Gareth Davies
Chairman

1 Operating profit is defined as pre-exceptional profit before tax, interest and amortisation of £3.6m (2009: £5.5m) of certain Online intangible assets (see page 117)

We are driving innovation across our business

"William Hill is 'The Home of Betting'. We want our customers to be able to bet and play how, where and when they want through a trusted, multi-channel, high-quality service."

We are focused on continuing to create value by drawing on our core capabilities and strengths. Our priorities are centred around:

UK Retail

UK and international online growth

Both betting and gaming

New technologies

Our people

UK Retail

The UK's number one Retail player

William Hill is the UK's leading high-street bookmaker with approximately 25% of licensed betting offices (LBOs) in the UK. We are not interested in scale for its own sake but with scale comes cost efficiency and improved brand awareness. We operate in a highly regulated industry requiring a specialist trading expertise, which favours those, such as William Hill, of significant scale. We continue to expand organically, increasing the estate on a net basis by 1–2% a year. Our Retail offer is comprehensive and the customer base is increasingly looking for a diverse betting and gaming experience. We innovate in our product range and through technology to meet that need. Using our core competency in trading, we provide a wide range of competitive offerings and we focus on customer service to provide the enjoyable leisure experience customers are seeking from William Hill on the high street. As LBOs are already competitive on pricing, customer service is, in our view, the number one customer criterion for choosing between betting shops.

Online growth

Top three in selected markets

Our international expansion strategy is led by William Hill Online, with online being the quickest and most cost-effective route to reach customers in new markets. Since it was established in December 2008, William Hill Online has focused on developing market-leading sports-betting alongside high-quality, competitive gaming. We aim to compete not only in the UK but internationally. Looking ahead, key themes for this business will include the nature and scope of emerging regulation, market by market. Legal frameworks for online gambling are now being established in a number of marketplaces. Market liberalisation offers new growth opportunities for regulated businesses such as William Hill Online, enabling us to advertise locally for the first time, which allows long-term brand-building. The trade-off can be higher costs as we would then pay local taxes and add a new set of regulations with which to comply. In expanding internationally, we are concentrating our investment on a small number of priority countries where we aim to achieve a market-leading position and are focusing on regulated markets that offer more certain opportunities. However, our primary target remains the UK, which currently represents 75% of revenues and where, with our improved product offering and high brand profile, we continue to aim to increase our market lead.

Both betting and gaming

Sports-betting-led with a full gaming proposition

William Hill – 'The Home of Betting' – is well recognised for its sports-betting expertise and we continue to expand our sports-betting product range and to offer attractive pricing on high-profile events. At the same time, we offer a full range of gaming products, meeting customers' demands for an exciting gambling experience. Just under half our revenues are now generated from gaming. In Retail, we offer a highly regulated, over 18s environment well-suited to the sophisticated gaming machines we use, which offer £500 jackpots. We combine new technology and software innovations with effective operational management to keep improving the competitiveness of our machines offering. Online, we draw on strong supplier relationships to benefit from product innovations, particularly from Playtech, which supports our poker, bingo and download casino offering. With our specialist online marketing team and a larger affiliate marketing network than any other online player, we are highly effective at recruiting customers. The benefit to the business from operating both Sportsbook and gaming lies with the ability to cross-sell gaming to Sportsbook customers and with the benefit that the brand brings in terms of trust and familiarity.

New technologies

Extending our service to new platforms and devices

We are now competing in a world where consumers have increasingly sophisticated expectations thanks to advances in technology. We aim to be at the forefront of this change. In Retail, we are drawing on technology to offer a high-quality gaming experience, such as the 'Storm' machines. We combine leading-edge hardware with competitive games, drawing on the expertise of a wide range of software developers. This is complemented on the sports-betting side with technology such as self-service terminals, which are currently being trialled in our shops and which give customers access to the wide array of betting opportunities generated by our Trading team.

In Online, we are broadening and deepening our product range at pace, extending into new markets such as financial betting and offering expanded betting opportunities in areas like in-play betting. With 500,000 betting opportunities available at williamhill.com per week, we are using technological developments in mobile betting to enable customers to access the products they want in a fast, efficient and tailored way. Gambling is a regular leisure activity for a large group of the population, reaching out through both mainstream and online media, including social networking. We aim to be at the heart of this.

Our people

Market-leading customer service and best-in-breed management team

William Hill is a people business because service – whether placing a bet over-the-counter or navigating a well-designed website – is a critical factor in achieving customer satisfaction. We are competing for customers' leisure spend and we have to be more exciting, more interesting and more relevant than the alternatives if we are to prosper. To stay relevant, our business needs to embrace change, to understand customers' changing needs and to use the latest innovations to reach more customers in a more effective way.

We are in the process of re-emphasising its importance throughout the business through the reward, recognition, training and development of our employees. At the same time, we continue to refresh the management team to ensure we have the right mix of ideas and experience. We have a strong track record of internally grown talent and continue to invest in developing our people while supplementing that strength with expertise drawn from outside our own industry.

Ralph Topping
Chief Executive

Q&A

Q You mention a multi-channel approach. What do you mean?

A Historically, our Retail and Online channels have been viewed as very separate and people have speculated that Online is cannibalising Retail. Our experience is very different. Our customers see us as one William Hill, with multiple different ways to access our service – on the high street, online, on the phone and, now, on their smartphones. Our goal is to be there for our customers wherever and whenever they want to bet and to give them the full product offering, from sports-betting to gaming to financial betting. This is something very few companies can replicate.

Q Is Retail in structural decline with younger customers going online?

A In the UK, almost seven million people bet with a bookmaker in the previous year.[1] Of those, the majority used high-street bookmakers only – almost 4.4 million of them. Approximately 1.7 million chose to use online bookmakers only and approximately 0.8 million used both channels. Retail is still the channel of choice for most customers because of the convenience, the ability to bet with cash and the community experience. Looking in more detail, we can see that the changing product mix in Retail – with football and, particularly, gaming machines growing as a proportion of the business – has attracted a younger customer into the shops as these are the two most popular products among customers under the age of 35. We acknowledge the business has seen topline weakness since 2008 as a result of the challenging economic conditions but compared with other retail businesses we are also showing good resilience. In our view, Retail still has considerable appeal for customers and our focus is on areas, such as customer service, that are most important to the customers using the shops.

Q William Hill Online has grown very rapidly in 2010. Can this continue?

A The creation of William Hill Online has been transformational for the Group's online business. In the first two years, we focused on integration first and then, last year, on product expansion. This coming year is about technology and innovation. Sportsbook is leading the way, which clearly fits with our brand proposition and is also appealing because of the longer lifetime, lower recruitment costs and potential for cross-sell that are typical of the sports-betting customer. We have seen the benefit of our in-play innovation in football in our 2010 numbers and we will be expanding into other products in 2011. At the same time, we are innovating in areas such as mobile to improve the customer experience again and are bringing customers new products such as our exclusive Day Trader financial betting product.

Q You have strengthened the balance sheet and are still generating good cash inflow from operations. What are your priorities for uses of cash?

A We recognise the interest of different stakeholders in the business, such as our equity and bond holders, and take a balanced approach to cash utilisation. We balance providing returns to stakeholders with continued value-generating investment in business and providing the balance sheet flexibility to take advantage of expansion opportunities. We are also cognisant of the call options we have to re-acquire Playtech's 29% stake in William Hill Online, which are exercisable in the first quarter of 2013 and 2015. At this point, we have established good debt headroom by reducing our debt from operating cashflow while continuing to make significant investments in the business and delivering a good return to shareholders through our dividend. We will continue to take this balanced approach, remaining open to opportunities to grow the business in our goal of building a leading multi-channel, multi-national gambling brand.

1 TGI 2010 Q3 (April 2009 – March 2010)

Retail

Number one on the high street

Average profit per LBO £

+0%

Divisional KPI

2008	104,469
2009	86,476
2010	**86,313**

Our Retail business delivered a stable performance in 2010 in a challenging economic environment. Average profit per shop was broadly flat year-on-year.

Average gross win per machine per week £

+12%

Divisional KPI

2008	716
2009	758
2010	**847**

Our gaming machines have continued to perform strongly, with average gross win per machine per week increasing by 12%. This performance particularly benefited from the roll-out of the high-definition 'Storm' machines across three-quarters of the estate.

OTC gross win margin %

17.9%

Divisional KPI

2008	18.3
2009	17.7
2010	**17.9**

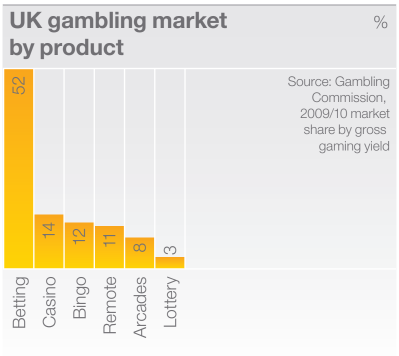
The OTC gross win margin was at the top end of our normal 17-18% trading range in 2010. A strong World Cup result and beneficial domestic football results in the second half offset weaker horseracing, which included a loss-making week at Royal Ascot.

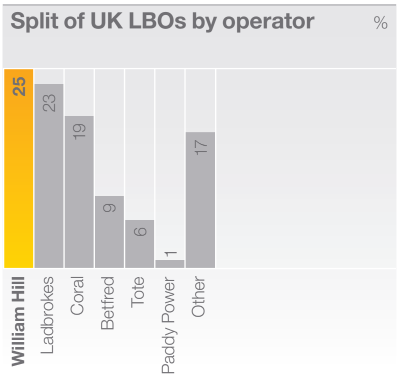
William Hill is the leader in UK high-street betting and gaming, with approximately 25% of LBOs in the UK.

We continue to invest to improve and expand our estate by enhancing the range of products we offer and by providing high-quality customer service.

Whilst absolute scale is not an objective in and of itself, there are scale benefits that can be derived such as improved purchasing power, better leverage of shared or central costs and an increased brand presence, which continues to be attractive to us.

We seek to maximise cash flows from our Retail businesses through tight cost control and careful capital expenditure.





We make our betting shops the destination of choice by building relationships with our customers and providing a welcoming environment.

Marketplace

LBOs – which combine over-the-counter (OTC) sports-betting and gaming machines – are the single largest part of the UK gambling industry. They started in the 1960s when the Government legalised off-course betting. There are currently approximately 8,850 LBOs[1], having peaked at around 14,000 shops in the 1980s. Since then, the market has consolidated into a handful of major players and a number of small chains and independents. Consolidation continues as independents close while the major players continue to open shops, benefiting from scale operations. There are now five major businesses accounting for around 80% of LBO[1] and this may change with the Government announcement about the sale of the Tote. Of these, William Hill has the largest estate in the UK.

In the past, Retail has seen step-changes driven by fiscal and regulatory change. In the last decade, there have been a number of positive changes with the move to a more favourable gross profits-based tax regime, the introduction of gaming machines and, under the 2005 Gambling Act, the legalisation of advertising, including TV. Of course, such changes are not always positive; for example, the recent VAT increase in January 2011. Changing customer habits have resulted in LBOs opening longer to provide the flexibility customers demand and in bookmakers offering a wider range of betting and gaming products than ever before.

Strategic priorities

Our goal with Retail is to drive top line growth through strong customer service, careful estate management and product range development, whilst controlling costs to maximise profitability. Maintaining a scale position will continue to deliver benefits.

Market-leading customer service

For the last 20 years, we have conducted regular customer surveys to understand customer behaviour. Throughout that time, location was the primary reason for a customer choosing a particular shop. In 2009, however, the importance of the leisure experience became clear with customer service becoming the primary driver, reflecting the importance of the leisure experience and social interaction to customers using the shops and also that there are more alternative outlets available for gaming than ever before. Five years ago, we launched CBS, our Competition Beating Service strategy, which focuses on friendly service, expertise and the shop environment to provide the best customer experience in high-street betting. This is tracked and monitored through activities such as mystery shoppers to allow us to assess progress in this key operational area.

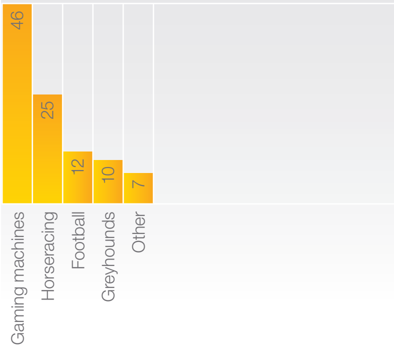
Estate development

Location remains the second key driver of local footfall and we have a well-sited and geographically diverse estate. Typically, we invest around £40m in the estate each year, with a target 15% average return on investment. In 2010 investment was lower than this at £26.2m, including capital accruals, as our earlier pause in the refurbishment programme continued for part of the year. Our capital expenditure programme focuses on three key areas: new licences, re-sites and refurbishments. The target returns on capital are 20%, 15% and 10%, respectively. In the last five years, we have opened 250 new licences, increasing our estate by about 7%. With an estimated four LBOs a week going out of business across the industry, this investment is an important strategy, increasing non-like for like profit and incrementally improving the quality of the overall estate. In 2010, 62 LBOs were opened, 27 were closed, and 26 were resited.

1 Source: Gambling Commission – Industry statistics 2009/10

Retail (continued)

Share of gross win by product %



8,800

Within the estate, we operate more than 8,800 gaming machines offering casino-style games such as roulette, blackjack and slots.

Product development

Over the last five years, we have seen a significant shift in the product mix in the shops, reflecting both changing customer habits and the successful development of attractive new products. Today, gaming machines are our lead product, being constantly available, easy to use and popular with younger customers. They are followed in popularity by horseracing, football, greyhound racing and virtual racing. Gaming machines and football usage have helped to diversify the customer base as they are the preferred products of younger customers.

We constantly review and adapt our product range to maintain the attractiveness of our offering. This includes using the latest technology, such as the 22-inch, high-definition 'Storm' gaming machines we rolled out in 2010 and the self-service terminals we are currently trialling in a proportion of the estate. We also adapt how we present our broad product range to make it more accessible to customers, for instance by increasing our range of football coupons in 2010.

Profit management

Operational gearing is relatively high in Retail, with fixed costs such as employees, property and content representing c75% of an LBO's costs. As a result, changes in net revenue can have a significant effect – positive or negative – on operating profit[1]. We place considerable emphasis on cost control to maximise the bottom line benefit of top-line growth. In recent years, this has been challenging as we have been faced with additional costs such as a second supplier of television pictures from the racecourses. However, we constantly review ways to improve our effectiveness and have successfully managed our staffing model and property investment to deliver, we believe, the highest operating margin of the major operators. Last year saw the continuation of a pay freeze, only ended in October 2010, and the Group is implementing a range of cost-saving initiatives for 2011, such as the closure of the defined benefit pension scheme to future accruals and the outsourcing of shop cleaning, all of which will help partly mitigate cost increases elsewhere.

1 Operating profit is defined as pre-exceptional profit before tax, interest and amortisation of £3.6m (2009: £5.5m) of certain Online intangible assets (see page 117)

2,350

William Hill is the UK's leading high-street betting and gaming business with approximately 2,350 shops.

Performance

Retail delivered a positive performance in a UK market faced with ongoing consumer uncertainty. Amounts wagered grew 8% year-on-year, on the back of a strong machines performance following the completion of the roll-out of the 'Storm' cabinets. Reported OTC amounts wagered fell 3%. Underlying OTC amounts wagered, adjusted for the impact of the World Cup trading periods and December's poor weather, also declined 3%, most of which was accounted for by a reduction in the average bet size, reflecting, we believe, the impact of the economic climate on Retail customers. OTC transaction volumes, on the other hand, fell only marginally.

Retail net revenue grew 3%. A 1% decline in OTC net revenue was more than offset by gaming machine gross win growth of 13% (11% on a net revenue basis, reflecting the impact of the VAT increase in January 2010). Favourable football results, particularly in the second half, resulted in a gross win margin of 17.9%, at the top end of our normal trading range.

The roll-out of the 22-inch, high-definition 'Storm' gaming machines was completed on schedule in March 2010. While the technological enhancements of 'Storm' are delivering very strong results across the 76% of the estate supplied by Inspired Gaming, we are also seeing good growth from the remainder of the estate using Global Draw machines. Gross win per machine per week was £847 (2009: £758).

We continue to add value by investing in the estate, which increased by a net 35 shops to 2,377 at the year-end (2009: 2,342) and we re-sited a further 26 shops. The estate, on average, was c1% larger in 2010. In December 2010, we announced the planned closure of 20 under-performing shops in Ireland, which was ongoing as at February 2011.

Costs increased by 5%, partly impacted by the growth in the average estate.

Overall, this resulted in a 1% increase in operating profit[1] year-on-year to £204.5m (2009: £202.7m).

Risk factors

These are the current key risks that could impact Retail's performance in 2011, see page 22 for further details:

Failure of one or more third parties on which the business is reliant
The challenging economic climate affects performance more than expected
Inadequate business continuity systems and/or recovery processes in the event of a disaster
Failure to maintain a fit-for-purpose systems infrastructure
Adverse changes in UK taxation and duties

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Online

Online, on the phone… on the move

Unique active players

No.

+4%

Divisional KPI

2008	987,100
2009	1,290,000
2010	**1,341,000**

The breadth and depth of our product offering is proving an attractive customer recruitment and retention tool, with the number of unique active players increasing by 4% in 2010.

Revenue per unique active player

£

+19%

Divisional KPI

2008	190.6
2009	157.8
2010	**187.6**

Net revenue per unique active player has improved across all products in 2010, benefiting from our improved product offering and increased investment in marketing campaigns.

Sportsbook gross win margin

%

8.0%

Divisional KPI

2008	7.5
2009	6.6
2010	**8.0**

The gross win margin in 2010 benefited from structural improvements in our trading approach, which particularly improved the in-play margin, and also from positive football results. At 8.0%, the margin was at the top end of the usual 7–8% trading range.

The formation of William Hill Online has proved to be a catalyst for the Group's online performance as one of the leading European online betting and gaming companies.

We have substantially improved our product range by combining our specialist trading expertise with the latest technology developments and adding highly competitive gaming software.

We aim to grow further our UK market share and to expand into specific new territories, particularly in Europe, using our strong brand name and heritage, sports-betting expertise and competitive gaming offering.

The William Hill Online joint venture

William Hill Online was established in December 2008 with the combination of William Hill's Sportsbook-led interactive business and certain gaming assets acquired from Playtech Limited. It is a joint venture owned 71% by William Hill and 29% by Playtech. William Hill has two call options to acquire Playtech's shareholding, exercisable four and six years after completion of the deal, i.e., in the first quarter of 2013 or 2015. At the time of establishing William Hill Online, the business took a five-year licence to Playtech's market-leading casino and poker software.

Stop press

On 22 February 2011, the Group secured an interim injunction against Playtech Limited (Playtech) to ensure that the Group's legal rights under the William Hill Online joint venture agreements are maintained. Playtech recently initiated discussions with William Hill seeking possible significant amendments to the current William Hill Online joint venture agreements. There has also been press speculation regarding discussions between Playtech and Ladbrokes plc.

The Group remains committed to the success of the William Hill Online joint venture. Further announcements will be made as appropriate.

24
24 translated and localised sites currently available.

320,000
We now offer more in-play football markets than any other online operator, with 100 concurrent in-play markets on 3,200 matches a month.

Marketplace

Online remains the fastest growing segment of the gambling industry. Europe is the largest market driven by governments regulating their markets, increased political acceptance of gambling as a social leisure activity, increased online and mobile usage and broadband penetration.

Changing regulation is expected to be a key industry factor over the next few years, with more governments, particularly in Europe, establishing a legal framework for online gambling. This typically involves licensing of companies that are required to comply with a domestic regulatory regime, together with paying gambling taxes in return for being allowed to advertise locally. This is a complex area with each country taking a different approach but history shows that a competitive environment – such as the UK's – drives out illegal gambling, delivers better value for customers and creates an environment for social policy to be able to be achieved. While taxation and product restrictions may impact short-term performance, over the medium and long term the ability to advertise in local markets should be much more beneficial.

In Europe, the UK has regulated online gaming since 2007, Italy started establishing its regime in 2008 and France regulated in 2010. Many other countries, including Denmark, Spain, Germany and Greece, are in the process of preparing for regulation.

Online gambling is a highly fragmented market with a number of high-profile companies but no player has substantial cross-European market share. Low barriers to entry encouraged many start-ups but barriers to success are increasing. Sports-betting expertise is increasingly important but difficult to replicate, as are scale and expertise in online marketing.

Strategic priorities

We aim to offer customers the best products, wherever and whenever they want to play. We offer the full range of products – Sportsbook, poker, casino and bingo – using best-in-class software. Our goal is to be a top three operator in the countries we target, including in the UK.

Sportsbook-led international expansion

Our strategy centres on Sportsbook, which plays to William Hill's core strength and brand. Many of our competitors are marketing or technology companies but relatively few are betting companies who understand the customer as we do. This gives us a competitive advantage. In our view, the Sportsbook is the most effective way to attract and retain customers, with a lower cost per customer acquisition, the longest lifespan and the best cross-selling potential. We have the core expertise in trading to deliver a wide product range, broad and deep enough to reach internationally, and we are recognised as one of the leading, most trusted brands in this space. Approximately 75% of our revenues currently come from UK customers and the UK remains our primary target in the short term. However, we are also developing our international offering. We currently have 24 translated and localised sites and we are developing sports-betting for specific sports, such as handball, to reach a wider international customer base.

Channel extension

Internet-based sports-betting has been widely used for more than a decade. New technologies are now opening up the opportunity to offer customers a broader and deeper range of products in different formats to suit their lifestyle preferences. With a more than doubling of in-play sports-betting turnover in 2010, allied to an improvement in gross win margins over that same period, the benefit of the trading tools and proprietary algorithms developed over 2009 are clear. Pricing is quicker, event coverage is higher and the volume of markets has expanded. We now offer more in-play betting on football than any other company and are expanding that capability into other sports.

Online (continued)

New accounts No.

+22%

Divisional **KPI**

2008	518,200
2009	661,500
2010	**808,700**

Sportsbook continues to be a key recruiter of new customers, with the benefit of a lower cost per acquisition and a longer average customer lifetime. New accounts grew across all products in 2010, resulting in 808,700 new accounts, 22% ahead of the previous year.

Cost per active £

+20%

2008	71.0
2009	63.2
2010	**75.7**

Having improved our product offering during 2009 and 2010, we have increased our marketing investment in 2010, including advertising Sportsbook on television in the UK for the first time. As a result, the cost per active increased 20% in 2010, with revenue per unique active player also increasing accordingly.

Nor do we restrict ourselves to sports-betting and gaming. For instance, in 2010 we launched 'Day Trader', a unique and exclusive fixed-odds financial betting product, which is already proving popular.

With this wider product range, it becomes even more important to provide customers with easy access. We are focusing in 2011 on rolling out an extensive mobile offering, enabling customers to access their preferred betting and gaming products wherever and whenever they want. We have developed apps for our Sportsbook and Casino products, and are launching a series of mobile apps to make the betting or gaming experience exciting, engaging and easy to use.

Increased share of wallet

On average, a UK sports-betting customer has accounts with four different online sites. Our goal is to offer customers a full product range to become a one-stop site for their betting and gaming. To this end, we offer a full suite of products – Sportsbook, Poker, Bingo and Casino – driving up our share of customers' gambling spend. Sports-betting drives our brand, our traffic and cross-sell but gaming drives the bulk of our revenues. We have licensed Playtech's poker and casino software to offer a sophisticated gaming product and supplement this with Flash-based games that offer an instant gaming experience and that are particularly popular with Sportsbook customers. At the same time, we are expanding our sports-betting product range to remain market-leading. We now offer 24 different sports, from American football and boxing to Gaelic football and snooker, as well as covering politics and other special bets. We have focused on building a market-leading in-play betting offering in football and are developing this further for other key sports such as basketball.

Organisational improvement

The transaction that established William Hill Online in December 2008 proved a catalyst in strengthening our online capabilities. That acquisition added two core capabilities – online marketing and customer services (both multilingual and webchat-based) – that continue to be critical to our success. We continue to enhance our capabilities, adding, for instance, a dedicated Development team to focus on new products and innovations, and an International team with the relevant experience to launch us into new territories. This is further enhanced by an extended Trading team in Gibraltar, which works closely with the Group's Trading team in the UK. In February 2011, we also launched a Telephone Betting business within William Hill Online, servicing the Group's extensive Telephone customer base. In doing so, we expect the new operation will benefit from commercial synergies, cost savings and an improved customer offering that will improve this channel's contribution to the Group in future. Customers benefit from an improved service as a result of the business being brought into William Hill Online, including being able to use their Telephone betting account for online transactions.

+22%

Our number of new accounts increased by more than 800,000 in 2010, which was 22% higher than 2009.

We are finding ways to make mobile betting easy and fun, with innovative apps like Shake-a-Bet and Match Predictor.

Performance

William Hill Online delivered an outstanding performance in 2010, recording strong revenue and operating profit[1] growth. We have strengthened our competitive position by expanding the breadth and depth of our sports-betting product range and by further enhancing our gaming experience.

This result is underpinned by a strong Sportsbook performance. Amounts wagered increased 57% year-on-year, including 114% growth in in-play betting with increased advertising of our expanded in-play offering. Sportsbook gross win margin increased to 8.0% (2009: 6.6%), benefiting from structural improvements in our trading approach to in-play and from favourable football results, including during the World Cup. As a result, Sportsbook net revenue grew 95%.

Gaming net revenue grew 5%. Underlying growth in Casino was good, particularly benefiting from an enhanced Flash-based product range. However, our decision to withdraw from France in June, due to the introduction of an unfavourable tax and regulatory regime for online gaming, resulted in a flat year-on-year Casino net revenue result. This was partly offset by a continuation of strong growth in Bingo and an improved Poker performance from the second quarter onwards following the anniversary of the migration to Playtech's i-Poker network.

Innovation in the Sportsbook and gaming product ranges has been complemented by the launch of the first of a series of apps for the iPhone and Android platforms. This includes Sportsbook and Casino apps available via our website, and Match Predictor and Shake-a-Bet apps in the App Store. In addition, we have launched an exclusive fixed-odds financial betting product, Day Trader.

Online costs increased 36%, reflecting the full-year effect of the operational expansion undertaken in 2009 to support future growth, increased employee compensation and our increased marketing investment.

Operating profit[1], at £91.1m, was 22% higher than in the prior year (2009: £74.4m). This resulted in a non-controlling interest for Playtech of £26.3m (2009: £20.1m).

Telephone recovered from its loss-making position in the first half to deliver an operating profit[1] of £0.9m for the full year (2009: loss of £1.8m). Amounts wagered in Telephone fell by 10% but this was offset by a year-on-year improvement in the gross win margin by 0.8 percentage points, which resulted in a 2% improvement in net revenue to £30.3m (2009: £29.7m). Costs were further reduced by 11%.

Risk factors

These are the current key risks that could impact Online's performance in 2011, see page 22 for further details:

- Failure to manage the joint venture effectively
- Increasing regulation in online gambling
- Failure of one or more third parties on which the business is reliant
- Failure to maximise UK and international growth opportunities
- The challenging economic climate affects performance more than expected

1 Operating profit is defined as pre-exceptional profit before tax, interest and amortisation of £3.6m (2009: £5.5m) of certain online intangible assets (see page 117)

Good cash flow, stronger balance sheet

2010 saw further strengthening of the balance sheet, with the progression early in the year onto the Group's previously negotiated forward-start bank loan facility followed by its replacement, in the fourth quarter, by a new five-year revolving credit facility. This gives the Group a well-balanced and longer-term financing base. We also saw our absolute levels of net debt for covenant purposes reduce over the year to £499.4m following good cash inflow from operations, leaving the balance sheet in good shape.

Pre-exceptional Income Statement

Group net revenue in 2010 was £1,071.8m, up 7.4% on the prior year comparable (2009: £997.9m) driven primarily by strong growth from William Hill Online and from gaming machines in the shops. Retail net revenue was £783.1m in 2010 versus £757.5m in 2009, a 3.4% increase. Online net revenue was up 23.6%, from £203.5m in 2009 to £251.5m in 2010. Further analysis by channel is available in note 2 to the Group accounts on pages 70 to 72.

Pre-exceptional cost of sales for the Group fell by 2.5%, from £158.2m in 2009 to £154.3m in 2010. This line includes taxes, levies and royalties relating to the operation of a betting and gaming company. The reduction was largely driven by savings related to the transfer of the Group's Sportsbook from the UK to Gibraltar in 2009, but also following a fall in amounts wagered on UK horseracing in Retail, which led to a reduction in the levy expense.

Other operating income was £5.3m in 2010 (2009: £6.1m). Including this item, pre-exceptional net operating expenses grew by 10.4%, from £586.4m in 2009 to £647.6m in 2010. Pre-exceptional Retail net operating expenses grew by 5.2%, partly reflecting the increase in size of the estate but also the impact of increases in content costs, shop closure provisions, bonus provisions and increases in marketing. Online net operating expenses grew by 36%, due to increased marketing, employee costs and other operating costs supporting the current and future growth of this channel.

The Group saw a £3.3m contribution from our associate, SIS, during the year (2009: £2.8m). In the previous year, the Group also saw a loss of £3.1m associated with its Spanish joint venture, which was discontinued at the end of 2009. Overall, therefore, total contribution from Share of Associates and Joint Ventures was £3.3m in 2010 versus a £0.3m loss in 2009.

Changing maturity profile £m

Mar 2010	1200.0
Feb 2011	50.0
Jun 2011	250.0
Mar 2012	538.5
Nov 2015	550.0
Nov 2016	300.0

Cancelled facilities
Current facilities

Effective tax rate %

20.1%

Group KPI

2008	26.6
2009	24.5
2010	**20.1**

The effective tax rate fell in 2010, driven by deferred tax changes and the release of prior-year provisions.

Operating profit[1] was £276.8m, up 7.1% on the prior year (2009: £258.5m). This is before amortisation of £3.6m (2009: £5.5m) relating to trade names, affiliate relationships and non-competition agreements as described in note 12 to the Group accounts.

After amortisation, pre-exceptional Group profit before interest and tax (PBIT) was £273.2m, an 8.0% increase on the prior year (2009: £253.0m).

Pre-exceptional net finance costs were £53.9m (2009: £55.5m) and pre-exceptional pre-tax profit for the year was £219.3m, up 11.0% on the comparable number (2009: £197.5m).

Exceptional items

The Group recorded pre-tax exceptional costs of £26.0m in total (2009: £76.6m). This comprised a £5.6m cost of sales credit, offset by exceptional finance costs of £25.5m and £6.1m of exceptional operating expenses.

The cost of sales credit relates to a non-recurring VAT refund arising from a court case with HM Revenue and Customs (HMRC). This case has been referred by the Court of Appeal to the European Court of Justice and this receipt could be repaid should HMRC's appeal be upheld.

The £6.1m other operating cost relates to the restructuring of the Telephone business, which was completed on 1 February 2011. Together with £2.4m of capital, this totals £8.5m of one-off costs relating to the Telephone closure.

The Group also recorded £25.5m of exceptional finance costs. £4.1m was taken in the first half and was related to the adverse change in fair value of ineffective interest rate hedges. A further £7.2m relates to accelerated amortisation of the remaining fees from the now-replaced bank loan deal following agreement of the new five-year banking deal in the fourth quarter of the year. Finally, £14.2m of exceptional finance costs arose from the de-designation of the Group's remaining previously effective interest rate hedges on the termination of that now-replaced bank loan agreement.

After exceptional items, pre-tax profit was £193.3m (2009: £120.9m).

Taxation

Pre-exceptional tax on profit was £44.0m (2009: £48.5m) at an effective tax rate of 20.1% (2009: 24.6%). This benefited from the release of prior-year provisions no longer deemed necessary and from the first of a series of reductions in deferred tax liabilities arising as a result of the scheduled reduction of the UK corporation tax rate. This latter benefit is expected to recur over 2011, 2012 and 2013, as the UK statutory corporation tax rate is reduced from 27% to 24%. The Group's effective tax rate for 2011 is expected to be around 22%.

Tax on exceptional items was a £6.7m credit (2009: £8.8m credit), resulting in total tax for the Group for 2010 of £37.3m (2009: £39.7m).

Earnings per share

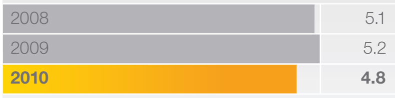
Profit after tax for the period was £156.0m (2009: £81.2m), which included £26.3m relating to non-controlling interests (2009: £20.1m). Basic adjusted earnings per share stood at 21.7p versus 20.6p in 2009, reflecting the improvement in operating profit[1] and the reduction in the effective tax rate. Basic earnings per share stood at 18.6p versus 9.5p in the prior year.

1 Operating profit is defined as pre-exceptional profit before tax, interest and amortisation of £3.6m (2009: £5.5m) of certain online intangible assets (see page 117)

Interest cover times
(bank covenant purposes)

4.8 times

Group KPI

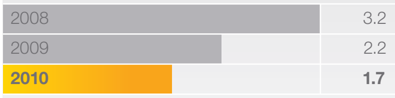


Interest cover continues to be well ahead of debt covenant levels, which require an interest cover greater than three times.

Net debt: EBITDA times

1.7 times

Group KPI



The improvement in the Group's Net Debt/EBITDA ratio reflects the restructuring work undertaken over the last few years to strengthen the Group's balance sheet and provide a stable financing platform for the business.

Cash flow and balance sheet

The Group generated net cash inflow from operating activities of £223.9m (2009: £170.4m), showing the cash-generative nature of the Group's business model. This inflow benefited from a favourable working capital inflow of £29.8m as well as from tight control of capital expenditure. In total, cash of £36.7m was invested in capital expenditure, primarily in development of the Retail estate and in investment in IT. As at 28 December 2010, drawn debt was £560.0m (2009: £675.0m) and net debt for covenant purposes decreased to £499.4m (29 December 2009: £602.6m), reflecting the positive cash inflow.

Positively, the Group's pension deficit fell by £12.3m during the year, following a roll-forward valuation. The deficit reduction benefited from improvements in asset values as well as from payments made by the Group into the fund. At 28 December 2010, the deficit stood at £30.9m (29 December 2009: £43.2m).

New bank debt facility

In November 2010, the Group entered into a new banking deal comprising a five-year £550m committed revolving credit facility expiring in November 2015. This new facility replaced the Group's previous forward-start term loan and revolving credit banking facilities, which were due to expire in March 2012. The new facility included a financial covenant package in line with the previous facility agreement and complements our existing £300m bond, giving the Group £850m of committed debt funding and £290m of undrawn facilities.

The Group paid £6.5m of arrangement fees and associated costs in connection with the new facility, which are being charged to the income statement over the life of the facility and which will deliver a significant year-on-year saving in annual amortisation costs. With the move away from a predominantly term-loan banking debt structure towards a revolver, we reduced both our cash deposit levels and, as a result, our drawn levels of debt. This further benefits the Group's finance costs, given the current low levels of interest income on cash deposits.

As a result of entering into this new deal, the Group's remaining previously effective hedges on the former bank loan agreements were de-designated. This left the Group with no effective interest rate hedges in place, further reducing our ongoing ordinary income statement finance costs.

Neil Cooper
Group Finance Director

Strong industry relationships

40,000

A direct employer of 40,000 full-time equivalents in the UK.

60,000

Supporting a further 60,000 UK jobs.

Introduction

William Hill makes a major contribution to the UK, both economically and as a significant employer. We maintain close relationships with Government and with various industry bodies in order to ensure our – and our industry's – views are considered appropriately.

Our industry's contribution to the UK

- Almost £1bn a year in gambling duties, corporation and local taxes, and levies to the horseracing and greyhound industries, equivalent to 40% more than a comparably sized, non-gambling industry
- A direct employer of 40,000 full-time equivalents in the UK, particularly suited to the requirements of a flexible, diverse and part-time workforce
- Supporting a further 60,000 UK jobs, such as those employed in horseracing and the supply chain

Taxation update

There were no implications for the Group arising from the emergency budget announced by the new UK Government in June 2010 other than the VAT rise from 17.5% to 20% in January 2011. This is expected to have a full-year adverse impact of approximately £8–10m as VAT is paid on gaming machines in the shops.

HM Treasury has reviewed taking gaming machines outside the scope of VAT and replacing the current VAT and Amusement Machine Licence Duty (AMLD) regime with a Gaming Machine Duty regime based on taxation of gross profits derived from machines. Following a consultation in 2009, they plan further consultation with the industry on draft legislation in summer 2011, with a view to implementing the change as part of the Finance Bill in 2012. HM Treasury has previously committed to effect this change on a tax-neutral basis for the gaming industry as a whole. We believe that HM Treasury understands the sensitivity of the high-street industry to tax rises and that they are clear that any rises in taxation are likely to cause marginal shop closures and job losses, which would reduce the total tax yield.

Prevalence Study

Work was conducted on the latest triennial Prevalence Study during 2010 and the results were announced on 15 February 2011. The prevalence of gambling increased to 73% of the adult population. Of the two measures of problem gambling reported on, there were non-statistically relevant increases in one and increases at the edge of statistical relevance in the other, respectively from 0.5% to 0.7% and from 0.6% to 0.9% of the adult population. We are reassured that problem gambling affects only a tiny fraction of the population but we remain vigilant and, as an industry, will be investing up to £5m in prevention and treatment of this issue in the coming year to understand better and to target this issue where necessary. The study did not identify any casual link to problem gambling from any particular product.

Gaming machine regulation

Work is ongoing into Category B gaming machines and the extant Department of Culture, Media and Sport (DCMS) stakes and prizes review, under which DCMS has proposed allowing increased numbers of Category B3 gaming machines in bingo halls and adult gaming centres. A consultation on the overall review closed in January 2011. We believe Government understands the importance of gaming machines to the business model and we do not believe that either maximum numbers of B2 gaming machines per shop or stakes and prizes is at risk.

Integrity in sports-betting

In a green paper issued by the Gambling Commission on the regulation of remote gambling across the EU, the Commission raised the issue of 'match fixing' and other betting integrity issues. We are closely aligned with the European Sports Security Association (ESSA), the Association of British Bookmakers (ABB) and the Remote Gambling Association (RGA) on this issue and continue to resist attempts by sporting bodies to link the issue of integrity with the issue of funding. The UK Government understands that the problem lies with unregulated markets and that there are very few cases where initial suspicions are confirmed and taken forward for either criminal or regulatory action. In our view, sports' governing bodies continue to conflate the issue of integrity and funding in order to seek additional funding from bookmakers.

£72.1m

A total of £72.1m was paid in levies, pictures costs and sponsorship to support UK horseracing and greyhound racing in 2010.

Sports betting rights and funding for sport

The Sports Rights Owners Coalition and other sporting bodies have been campaigning for some time to gain more control of the betting product by claiming 'rights' over betting markets based on being granted a new statutory, quasi-property right to a sporting spectacle. They aim to claim revenues from betting, ostensibly to run integrity functions or to support grass-roots sport. There is no such right in English law at the moment. It has been introduced in France but the whole system is subject to investigation by the French Competition Commission. We strongly oppose this new tax. There is no connection between grass-roots sport and betting, and the arguments that sporting bodies are putting forward are intellectually and evidentially weak. It is a funding argument, plain and simple. Granting a quasi-property right to sport would distort a commercial negotiation and the sport could be constructed as state aid, would be likely to try to exploit a dominant market position, which could be subject to review by the competition authorities.

Uncollected Winnings

A Liberal Democrat proposal to examine the possibility of using the proceeds of uncollected winnings for the benefit of grass roots sport or a community fund has been adopted in the Coalition manifesto and is part of the DCMS structural reform plan. It has not as yet been the subject of formal consultation.

During informal discussions through the ABB, we have made clear to Government officials that in our view there is no link between betting and grass roots sport and that the legal and contractual position of the commercial betting industry is entirely distinguishable from that of the National Lottery or the major clearing banks who, over the past five years, have assisted government to set up the dormant bank accounts scheme. Further, in our view, it would be discriminatory and presents very difficult structural and legal definitional challenges as well as requiring primary legislation.

£272.0m

William Hill paid £272.0m in gaming, corporation, local and employee taxes and levies in 2010.

50th Horseracing Levy

As the bookmaking and horseracing industries were unable to agree the terms, rates and conditions of the 50th Levy scheme, which starts on 1 April 2011, the position was referred to the Secretary of State for a determination. The Secretary of State determined that the Levy headline rate would increase from 10% to 10.75% for LBOs and the threshold level beneath which LBOs pay an abated rate of Levy would be reduced from £88,740 to £50,000 of gross win. As a result, our anticipated costs for the 50th levy are now expected to increase by around £3.4 million. In our view, the Levy scheme provides a disincentive to UK horseracing to restructure and modernise, and we would support any move by the Secretary of State to end the Levy and replace it with a commercial arrangement that does not require any further statutory intervention.

In January 2011, the European Commission issued an opinion that the new French online horseracing levy would constitute state aid and be a breach of EU law. This decision may result in legal barriers to any extension of the scope of the horserace levy or any wider sports funding issues.

Betting exchanges

In July 2010, the Horserace Betting Levy Board opened a consultation on the contribution of betting exchanges to the Levy. William Hill submitted a response to the consultation, highlighting the Group's view that the failure of the previous Government to address the issue of taxing and levying business users of exchanges is a key reason for falling tax and levy yield. The establishment and growth of betting exchanges has resulted in structural changes to the UK betting market which have impacted the levy yield and as a result, the asymmetrical taxation of betting exchanges and particularly their business users needs to be addressed.

Dual-licensing of offshore online operators

During 2010, DCMS consulted on a proposal that online operators who are outside the UK but who advertise to or target UK consumers should be licensed by the British Gambling Commission. In our response to this consultation, William Hill's position was that such regulation is neither proportionate nor necessary and would impose dual regulation on large operators, which offends better regulation principles. As the majority of offshore operators are large corporations with good corporate governance procedures, there is little or no public protection risk, as DCMS acknowledged in its review. These proposed measures would neither significantly increase industry contributions towards research, education and treatment of problem gambling nor address concerns about intra-regulator relationships. The outcome of this consultation was still awaited as at 25 February 2011, but if the Government does opt for such measures, whilst unwelcome, associated regulatory costs and burdens will not create a significant financial risk to the Group.

International regulation of online betting and gaming

The regulation of online betting and gaming businesses continued to develop across the world in 2010 and we expect further shifts to come during the course of 2011, both in Europe and in the rest of the world. We believe that a restrictive approach to opening up gambling markets, such as that seen in France, with high levels of turnover tax, is not a blueprint for the future and that a proportionately regulated and taxed industry which can grow will be the foundation for a true competitive market and sustainable tax yields.

Proactive risk management

Risk management process

The Board routinely monitors risks that could materially and adversely affect William Hill's ability to achieve strategic goals, financial condition and results of operations.

The Board is supported by Executive Management and the Head of Internal Audit who collectively play a key role in risk management, monitoring the overall risk profile and regularly reporting to the Board through the Audit and Risk Committee.

The process of risk identification and monitoring is achieved through a series of risk workshops and a corporate risk register. The Board, through the Executive Management team, has also determined clear policies as to what William Hill PLC considers to be acceptable levels of risk. These policies support our management in using their expertise to identify risks that could undermine performance and to devise ways of bringing them to within acceptable levels. Where we identify risks that are not acceptable, we develop action plans to mitigate them with clear allocation of responsibilities. Progress towards implementing these plans is monitored by the responsible Executive and reported to the Audit and Risk Management Committee, and the Board.

A more extensive list of risks is provided in the investor relations section of our corporate website at www.williamhillplc.co.uk. Summarised in the table are the top risks identified in our corporate risk register. These are assessed on the basis of impact, likelihood and control effectiveness.

Potential risk
Failure to manage effectively the William Hill Online joint venture
Increasing regulation in online gambling
Over-reliance on third parties
Failure to maximise UK and international online growth opportunities
Impact of the challenging economic climate
Adverse changes in UK taxation and duties

What's the issue?	What could this mean for the business?	What are we doing to mitigate the issue?
William Hill Online, which is jointly owned by William Hill (71%) and Playtech Limited (29%), is a critical part of the Group's growth strategy. The joint-venture structure may inhibit the Group's ability to execute our international growth plans and it is critical that we manage the relationship effectively.	The future strategic direction of William Hill Online needs to be jointly agreed between William Hill and Playtech Limited. Differing views could inhibit growth, potentially by slowing down or removing options that might otherwise have been preferred choices.	We have a strong working relationship with Playtech, both corporately and as a software partner for William Hill Online. A joint venture shareholder board provides the forum for managing the relationship formally. In addition, various members of the William Hill and Playtech management meet regularly.
The regulatory position in online gambling is changing rapidly, particularly in Europe where several countries are implementing new tax and regulatory regimes. These changes could inhibit growth or access to those markets, or result in a regulatory breach and sanctions if not identified in a timely manner.	Approximately 25% of William Hill Online's revenue was derived from unregulated countries in the second half of 2010. As countries regulate, existing markets could become unattractive, either in terms of the tax regime or if the appropriate products are not regulated. Investing to establish a leadership position in a new market can impact short-term profitability.	We are actively involved understanding and contributing to Government thinking on regulatory matters and building relationships with regulatory bodies directly and through representation in relevant professional and trade associations. We also continually monitor the changing legal landscape and adapt our international strategy on a country-by-country basis. We have no over reliance on any one single market for revenues.
We are dependent on a number of suppliers for key operations and systems and their failure could cause significant damage to the business. Multiple supplier failure would be a catastrophic issue for the business.	The significance to the Group of these suppliers is such that we need to manage their performance and service levels closely and to ensure their own operations, security and/or processes are not introducing additional risks to William Hill.	We have processes for identifying and monitoring all business critical suppliers and we develop appropriate contingency plans. All significant contracts and service level agreements go through a robust procurement process. We manage key supplier performance proactively and processes are under review to strengthen this further. We have strong working relationships with all of these key parties.
The UK currently accounts for approximately 75% of William Hill Online's revenues. Increasing our UK market share is a key growth driver in our short- and medium-term strategy. International growth is a key part of our online strategy, alongside targeting the UK.	The growth expectations for William Hill Online rely on further increasing our market share and extending into international territories. Failure to maximise these opportunities would seriously impact William Hill Online's and, hence, the Group's growth potential.	An extensive product development programme is ongoing to differentiate our sports-betting offering with cross-sell opportunities in gaming. We perform detailed analysis of market opportunities and have established marketing and distribution channels in many markets through our gaming operations that we can exploit. Country managers with specific experience of international market development have been recruited and we offer a broad range of language, payment and other product services to increase broader international appeal.
The current economic climate remains challenging and uncertain. Economists predict a tough economic environment for consumers in 2011, which could particularly affect areas of discretionary spend, such as gambling. This economic environment also increases the risk of inflation, job losses and pay freezes.	William Hill operates in an area of discretionary spend and a reduction in our customers' spending capacity could impact our revenues. This is particularly pertinent in Retail where our customers are disproportionately drawn from the C2DE socio-economic groups, who could be impacted by inflation and the recent VAT increase in the UK. In addition, inflation could result in an increase in our cost base.	We aim to mitigate the economic effects by being competitive, maintaining our market leading position and managing costs. We are also enhancing our market leading position and revenue growth through extensive new product development, marketing activities and expansion into new online markets. We have optimised shop staffing and opening hours, renegotiated supplier contracts and, as necessary, closed unprofitable shops. Through international growth, we aim to reduce our dependence on one territory, the UK.
In the current economic climate, governments may seek to tax the gambling industry more to increase their revenues.	There are ongoing discussions about changing the basis of gaming machine taxation and about dual-licensing of offshore online operators, although that consultation did not touch on taxation. Any changes in taxation would be difficult to mitigate and could lead to the closure of shops in the UK.	We are involved with various industry bodies in making representations to Government, including how significant tax changes risk further shop closures and redundancies. Senior management are responsible for regulatory issues and work with a lobbying agency on relationships with political decision-makers.

Being a responsible business

"During 2010, we made good progress against our key objectives: aligning management performance to business targets; increasing our recycling activities across our shop estate; and further improving the effectiveness of our procedures to prevent under-age gambling. We listen to our key stakeholders – customers, employees and shareholders – and continue to develop effective relationships with stakeholders in the wider community, including Government and regulators, who can have a significant influence on our business, and other external groups with an interest in gambling."

David Edmonds
Chairman of Corporate Responsibility and Regulated Issues Committee

Objectives and targets for 2011

In 2011, the Group intends to continue to progress initiatives that are already ongoing and will concentrate on the following:

Objective	Target date
Roll-out a comprehensive health and safety refresher training programme to all Retail employees	September 2011
Introduce and maintain a talent database of top managers throughout the Group	September 2011
Continue to embed the recycling programme to achieve 60% target	December 2011
Roll-out Group-wide Bribery Act Policy	December 2011

Our key stakeholders

Customers
Customer service lies at the heart of our business. Gambling is an exciting form of entertainment and we aim to provide customers with an enjoyable experience.

Employees
We are a major employer, with over 16,900 people working in six countries internationally. Excellence in our operations is based on specialist expertise and we are keen to attract, retain and develop the highest calibre individuals. We aim to provide a safe and fair working environment, with opportunities for employees to grow and develop with William Hill.

Shareholders
We have been listed on the London Stock Exchange since 2002 and recognise it is our responsibility to communicate clearly, regularly and on a timely basis. We support this through a dedicated investor relations team and by providing regular access to our Chief Executive and Group Finance Director. In addition, shareholders are able to engage with our Chairman and Non-executive Directors on specific issues on an ad hoc basis.

The wider community
Our business has far-reaching effects. As a large employer and taxpayer, we make a significant contribution to the economy and to the local communities in which we operate. We also have a responsibility to our regulators, an impact through our environmental footprint and a contribution to the sports we support. In all areas, we aim to be fair, trustworthy and open to engagement. We will run our business so as to protect vulnerable persons, to ensure our business is not a source of distress to individuals or a source of crime or disorder and to ensure our services are provided in a fair and open way.

Board commitment

The Board is committed to taking steps to improve continuously its practices in the Corporate Responsibility area and to embed these practices into its corporate governance and operating framework.

We aim to:

- comply with existing laws, regulations and codes of conduct relating to responsible gambling;
- train, develop and motivate employees to retain the widest possible range of talented employees;
- provide a safe and healthy workplace; and
- provide a competition-beating level of service to customers.

Members of the CRRI Committee

The Corporate Responsibility and Regulated Issues Committee (CRRI Committee) was established in its current form in 2008. The members of the CRRI Committee during 2010 and at the date of this report are:


David Edmonds (Chairman of the CRRI Committee)


Gareth Davis (Appointed 1/9/10)


Charles Scott (Resigned 31/8/10)


Ralph Topping


Ashley Highfield


Thomas Murphy

Role of the CRRI Committee

The CRRI Committee is a committee responsible for overseeing and reviewing the Company's dealings with government, regulators and the regulatory issues affecting the Company and its subsidiaries, as well as reviewing the Company's policies and advising the Board on environmental, social and ethical matters not otherwise the subject of regulatory scrutiny. The CRRI Committee met five times during the year to discuss issues including regulatory and compliance issues, approval of health and safety policies and monitoring of charitable donations.

Risk management

Risks relating to key stakeholders are reviewed as part of the risk management process, which is led by the Internal Audit team. Risks are reviewed by executive management, the Audit and Risk Management Committee and the Board to consider their potential impact on strategy and annual objectives, and mitigation steps are taken as appropriate. As the Board remunerates management on the basis of achieving strategic goals and specific annual objectives, it uses this method to ensure corporate responsibility risks are reflected in management remuneration.

About this report

In our 2009 Annual Report, we published a full Corporate Responsibility report that provided a detailed picture of our policies, approaches and activities in relation to our customers, employees and suppliers, our measures for minimising our environmental impact and our support for sports-related and other bodies. This overview is now available on our corporate website at www.williamhillplc.co.uk/wmh/cr. In this report, we are focusing on our activities during 2010 and our plans for 2011. We would encourage readers of this report to refer to the Corporate Responsibility section of our website for a full picture of our position.

Customers

At the heart of everything we do

William Hill fully supports the Gambling Commission's objectives:

- to prevent gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime;
- to ensure that gambling is conducted in a fair and open way; and
- to protect children and other vulnerable persons from being harmed or exploited by gambling.

Disputes referred to IBAS

354

2008	306
2009	394
2010	**354**

In total, 354 disputes were referred to IBAS. Of these, only five were found in the customer's favour.

William Hill is committed to high standards of customer service, to conducting our gambling operations in a fair and open way and to protecting vulnerable groups such as problem gamblers and under 18s.

Customers are at the heart of what we do. We strive to deliver a high standard of customer service and to be fair and open in our dealings with customers. For an overview of our approach to customer service, handling complaints, protecting vulnerable persons, data protection and avoiding crime and disorder, please refer to our corporate website at www.williamhillplc.co.uk/wmh/cr.

Customer service

We have specialist customer service teams dedicated to shop, telephone and online customers and make available a comprehensive set of rules that detail the terms and conditions under which all transactions placed with William Hill are accepted. We endeavour to resolve all betting disputes in a fair, consistent and equitable manner and engage with the Independent Betting Adjudication Service (IBAS) to assist in this.

We regularly measure the quality of our customer service performance, including using a mystery shopper programme in the shops and tracking complaints.

Protecting vulnerable persons

Protection of vulnerable persons continues to be a high priority in our customer-related activities.

Our relationship with customers is underpinned by operating standards set by the Gambling Commission in 2007, many of which were based on existing standards being applied by major operators such as William Hill. Our Online and, since February 2011, our Telephone activities are regulated by the Gibraltar Regulatory Authority, whose standards are similar to those applied by the Gambling Commission.

In February 2011, the Gambling Commission published results of its latest Prevalence Study. In this report, it estimated that approximately 0.9% of the UK's adult population has a propensity to be problem gamblers[1]. As a responsible organisation, we provide a range of services to support existing customers for whom gambling has become a problem rather than a pleasure.

In 2010, around 11,000 customers took advantage of our self-exclusion facility, which is designed to prevent them transacting with specific parts of the business for a period of their choice running for at least six months and up to five years. Customers who wish to resume business with us at the end of their chosen self-exclusion period are required to complete a further 24-hour 'cooling off' period before they are permitted to use our gambling facilities.

1 The 2010 Prevalence Study was based on a sample of 7,756 adults over 16. It found a small rise from the last survey in 2007, which indicated around 0.6% of the UK's adult population has a propensity to be problem gamblers.

Self-exclusions
11,037

Retail	
2008	3,382
2009	4,488
2010	**5,556**

Telephone/Online	
2008	3,163
2009	2,810
2010	**5,481**

As part of our commitment to helping customers for whom gambling has become a problem, we support the funding of Research, Education and Treatment (RET) through a voluntary funding system. The RET framework is underpinned by an industry funding body (the GREaT Foundation), with funds being passed to a distributor who allocates industry funding in accordance with priorities set by the Responsible Gambling Strategy Board. We received a Gold award from the GREaT Foundation for our significant contribution to the 2009/10 funding campaign.

Throughout 2010, we also continued to focus on our efforts to prevent under-age gamblers using our services. We can only accept customers over the age of 18 in our shops, at the racetrack, on our websites and via the telephone. To help enforce this age restriction, we have adopted a 'Think 21' approach in our shops and at the racetrack and, for Online and Telephone customers, use an external agency to verify the ages of new customers. We have engaged third-party companies to conduct such mystery shopper visits throughout the year to test the effectiveness of our 'Think 21' approach and have seen an improvement compared with our performance in 2009.

Data protection

With well-established Telephone and Online businesses, we handle substantial amounts of personal customer data and have put in place comprehensive security policies, procedures and standards to reduce the risk that information could be lost or stolen. These cover the handling of both electronic and paper-based customer information and we carry out security awareness training with employees. Our equipment for sensitive systems is built to internationally accepted security standards. In 2010, we completed the roll-out of a proactive monitoring system that alerts us to suspicious activities. These are reported and can be acted on 24 hours a day. We also achieved compliance with the Payment Card Industry Data Security Standards for the UK-based aspects of the Group. The programme to achieve compliance within William Hill Online is underway.

Avoiding crime and disorder

Ensuring that crime is kept out of gambling is a key regulatory priority in both the UK and Gibraltar and one which William Hill takes very seriously. We are proactive in ensuring that our business is not subject to external attack by criminals, including those who seek to cheat at gambling.

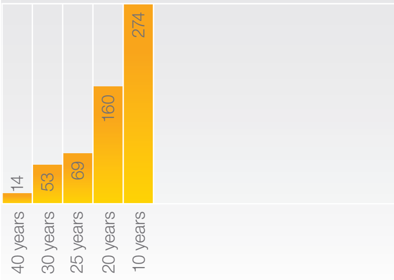
During 2010, a couple of high-profile 'match fixing' cases raised the issue of integrity in sports in relation to gambling. In addition to our extensive reporting to the Gambling Commission and the Gibraltar Regulatory Authority, we use our risk management systems to identify unusual betting activity. Where appropriate, suspicious betting transactions are reported to the regulator and to the relevant sport's governing body for further investigation. Contrary to popular media-led perception, there are relatively few suspicious betting transactions identified by William Hill, or the betting industry in general, in any given year and it has been our experience that the majority of these are not progressed further, in terms of investigations or voiding action, by the relevant authorities.

Whilst betting does not fall within the regulated sector for the purposes of money laundering, we have internal controls and specialist employees, including a Group Money Laundering Reporting Officer, to deal with disclosures to the relevant authorities and to service requests for assistance from law enforcement and regulators. All employees are also trained on their reporting obligations and techniques for the safe handling of cash and cash equivalents safely. William Hill Online complies with the 3rd EU Money Laundering Directive.

Employees

Valuing our people

Long-term service awards in 2010 People



16,900

There are over 16,900 employees working for William Hill in six different countries.

24%

William Hill offers an ideal opportunity for people looking for flexible employment. Over 24% of our employees are employed on a part-time basis.

Our employees are fundamental to William Hill's success and we are committed to high standards of employment practice, including rewarding individuals fairly and providing equality of opportunity, training and development, flexible working and a safe workplace. Our emphasis is on growing our own talent internally, where possible, and recruiting externally where we need skills not otherwise available in the business.

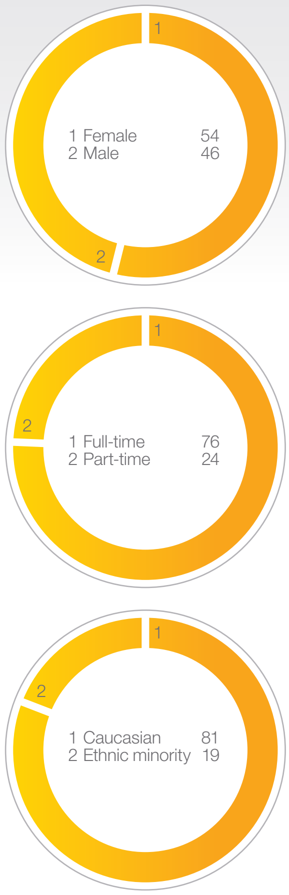
Our comprehensive set of employee policies, which define the work environment that we operate for our employees and are overseen by our Group Director of HR, is available on our website at www.williamhillplc.co.uk/wmh/cr/policies/. Further information is also available on our website about our approach to flexible working, health and safety, protecting our employees, developing, remunerating and retaining our employees, and employee engagement.

Protecting our employees

We are committed to ensuring the health, safety and welfare of all persons in our employment and all other persons who use our facilities, for which our Chief Executive, Ralph Topping, is responsible. We also take the security of our employees very seriously, particularly in our shops, and are committed to protecting the welfare of our employees as far as possible through training, support systems and crime prevention measures. We have a zero-tolerance approach to anti-social behaviour in our shops and have sought and been granted Anti-Social Behaviour Orders and worked closely with the police to prosecute cases.

During 2010, we undertook an extensive review and revision of our health and safety policies and the effectiveness of their implementation. We have published a new Health and Safety Manual and a revised LBO manual for the shops. At the same time, we strengthened the Health and Safety Steering Group by including senior representatives from all relevant functions and extended the areas they monitor. As a result of the review, we undertook a senior management training programme in 2010 and developed a new employee training programme, which is in the process of being rolled out to all Operations Managers in Retail and to Employee Council Representatives. This rolling programme will be completed in the third quarter of 2011.

Composition of workforce %



20%
Around 20% of employees participate in our Save-As-You-Earn share scheme.

3,500
We ran around 3,500 training sessions during 2010 across the business, including 2,000 online training sessions.

In 2007, we introduced 'Counter Plan', a bespoke training initiative developed in-house and designed to provide Retail employees with the tools needed to deal effectively with events that may happen prior to, during and after a robbery. The aim of Counter Plan is to create a culture where employees are in control of their environment and the training places a high priority on cash management to minimise the likelihood of shops being targeted.

In 2010, over 10,000 shop employees received a Counter Plan briefing. By taking decisive action, the potential danger to employees is greatly reduced, cash loss is minimised and our ability to assist police investigations is enhanced. Last year, 34% of all robberies were unsuccessful and classed as attempts, reflecting the success of our training programme and also the vigilance of our shop employees. In the same period, cash loss from robbery-related crime in our shops was at its lowest since William Hill increased to its current size in 2005.

We are also part of the Safe Bet Alliance, which has established a minimum set of standards for the betting industry to use to prevent robberies. Having first been applied within the Metropolitan Police area, Safe Bet Alliance was introduced nationally in 2010 and continues to be used by Environmental Health Officers to assess employee safety. We have launched 'Crimestoppers' initiatives in conjunction with Safe Bet Alliance and the police in a number of areas, including Manchester, Northumbria and Strathclyde.

Developing our employees

In our industry, we rely heavily on the knowledge and expertise of our employees, which is often built up over many years with the Group. We are keen to develop talent within the business and to progress employees with ability and commitment into management roles. As such, we are committed to investing in training and development for our employees.

The mentoring programme introduced in 2009 continues to build momentum and we now have over 30 mentors and mentees taking part. Our online training solution, introduced in 2008, continued to improve, with more than 2,000 employees completing online training packages in 2010 in subjects such as Gambling Commission compliance and Security Awareness. There are plans to roll-out more training programmes via this channel in 2011.

Robust succession planning takes place on an annual basis and in 2011 we are introducing a talent databank that will map the progress of our top 150 managers across the Group as a whole. Overall in 2010, we ran almost 3,500 training courses, including fast-track programmes for high-potential Retail employees. As part of our ongoing efforts to encourage senior managers to maintain a good understanding of our customers, in 2011 we are planning to 'twin' senior managers in Head Office roles with Area Operations Managers, following a successful pilot in 2010. This ensures that there is a mutual understanding of the challenges of both roles and helps foster a 'one company' mentality.

In 2010 we ran an event, led by our Chief Executive, Ralph Topping, under the banner of 'Different Perspectives'. Recognising the value of views from different groups, this sought the views of the Group's 100 most senior women managers on our business and aimed to encourage their engagement with and contribution to our activities. The event was well-received and working parties on succession planning, customer satisfaction and employee engagement have evolved from the event. In 2011, there are plans for a further 'Different Perspectives' event, extending it to other diverse groups in the organisation.

Employees (continued)

13
The average shop manager's length of service is 13 years.

Remunerating and retaining our employees

We recognise the critical importance of remuneration, reward and recognition in encouraging employee engagement and consequently, retention.

In October 2010, we lifted the pay freeze that had been put in place as a result of the uncertain economic climate. A two-stage pay award for front-line Retail and administrative employees is being implemented in October 2010 and March 2011. The position on a pay review for management will be considered in March 2011.

Following a negotiation with the pension scheme trustees in 2010, it was also decided to close the final salary retirement plan to future accruals. An extensive consultation process was conducted and a compensation package was put in place for affected employees.

Conscious of this backdrop, we have been reviewing alternative ways to recognise and reward our employees and, as a result, introduced a series of initiatives. In September, we held our first National Long Service Award to celebrate and recognise long service, which helps to maintain the substantial knowledge base that exists in our business. We held a 100-person celebration at Ayr Racecourse on the day that we sponsored the Ayr Gold Cup. As well as providing a luxurious weekend break for the long-serving employees and their partners, we also offered a range of prizes, including a Caribbean cruise. This is in addition to our local recognition events and our annual national awards event, which recognises the best performers in our 'Competition Beating Service' programme.

In December, we introduced our 'Good News Giveaway'. This gave all our employees a chance to share in a total of £30,000, which was given away in the form of cash vouchers, Toys R Us vouchers and charity donations in return for sharing their good news stories from across the business. There are plans to expand this programme in 2011.

As 'The Home of Betting', we recognise the importance of family and are keen to give something back to our employees when they personally give so much to the business. As a result, from 2011 we are giving all employees an additional day's holiday on their birthday so that they can celebrate with their friends and family.

These efforts supplement our existing programmes aimed at building a culture of 'pay for performance', rewarding the people who make the greatest contribution to the business. In 2010, we introduced a new management bonus scheme, aligning individual performance with our business targets and differentially rewarding performance and contribution amongst the senior management team. In 2011, this will be extended to the wider management group in the UK and to William Hill Online. In addition, we have revised our bonus scheme for shop employees, aligning their bonus in 2010 to increasing turnover levels and revising this for 2011 to add elements that reflect the quality of their customer service.

We already provide an extensive benefits package aligned to the needs of different levels of people within the business. In 2011, we will enhance this further by introducing an online flexible benefits package, 'My Reward', which will allow individuals to tailor their benefits package further to reflects their lifestyle.

At the 2009 AGM, we sought and were granted shareholder approval for an all-employee share scheme, which is designed to encourage a sense of 'ownership' among employees. Although this has not yet been utilised, we consider that, at the right time, could be an important tool in engaging and retaining our employees. This is in addition to our annual employee share save scheme (the SAYE), which we have operated since we floated in 2002. Currently, over 20% of our eligible employees take part in the SAYE.

Employee engagement

We know that our employees are most effective when they are engaged with what we aim to achieve and we are committed to providing effective communication on matters that affect employees, including the development and performance of the Group. In 2010, we held our first Group-wide employee engagement survey covering all our UK and international locations. The survey was available in two versions for the first time – telephone and online – to facilitate employee participation. We encouraged employees to complete online as there was an opportunity to post verbatim comments using this channel and made a charitable donation for every online copy completed, which resulted in a sizable donation to the 'Help for Heroes' charity.

In total, 70% of employees completed the survey, giving a strong picture of their levels of engagement and the areas in which we need to improve. Areas particularly highlighted were communication and a shared strategic vision. In 2010, we established a dedicated internal communications function to improve our communication with employees and during 2011 we are working on a programme to define and communicate what it means to employees to be part of 'William Hill: The Home of Betting'.

In addition, a full action planning programme was launched at both a corporate and functional level, with plans being logged on an online portal to enable the sharing of best practice across the Group. A follow-up survey is planned for 2011.

70%
In total, 70% of our employees responded to our first Group-wide engagement survey.

Corporate citizenship

Our wider contribution

£955,310

Charitable donations made by the Group totalled £955,310 in 2010, including a donation to the GREaT Foundation for problem gambling research, education and treatment.

Both William Hill and our industry have a wide-ranging effect on the lives and conditions of a large number of people.

We directly employ more than 16,900 people and make substantial contributions to other industries, such as horseracing and greyhound racing.

With 2,350 shops on the high street, we also have a responsibility to manage our environmental footprint.

Environment

A copy of our environment policy and a summary of our activities are available on our corporate website. As a retail and service organisation, our main impact on the environment is through the buildings we operate and the resources used by employees in their day-to-day work.

We aim to minimise waste through recycling and re-use of materials, to ensure efficient use of energy and water and to raise awareness of environmental issues within the Group.

Between March and July 2010, we rolled out recycling of mixed waste to 99% of the shops in our Retail estate, enabling them to recycle paper, newspapers, shop display papers and drinks cans. Our overall recycling percentage in Retail was 2% at January 2010 and had increased to 40% in the ten months from the launch in March to December 2010. During the year, the quantity of waste diverted from landfill to recycling increased from 25 tonnes in January to an average of 232 tonnes a month in the period from March to December.

The annual average waste bag usage at each shop had reduced from approximately 490 in 2009 to approximately 450 in 2010 and our goal is to reduce that further to 430 in 2011. Together with our partner, Greenstar (part of Biffa), we have put in processes to drive these further reduction. Our target is to reach 60% recycling by the end of 2011.

UK horseracing levy

£

£18.6m

2008	30.5m
2009	22.5m
2010	**18.6m**

The British Horseracing Levy Board uses the levy to fund prize money, integrity services and racecourses. As a group, we paid a total of £18.6m to UK horseracing in 2010. The lower levy payment was primarily driven by a 10% fall in the UK horseracing gross win in Retail.

Matching donations supporting employee activities

£

£41,480

2008	29,400
2009	54,297
2010	**41,480**

During 2010, 112 nominated charities benefited from the employee matching scheme. Employee endeavours included the Three Peaks Challenge, the Loch Ness marathon, the Sahara Desert Trek and The Macmillan Coffee Morning.

Charity activities and supporting sports-related and other bodies

We seek to support the communities in which we operate through charitable donations and other relevant payments.

Charitable donations

Our Group policy on charitable donations aims to support groups close to our business and to encourage employees' fundraising efforts through a matching scheme.

We made charitable donations of £955,310 in 2010, the largest proportion of which was £661,464 paid to the GREaT Foundation in support of research, education and treatment of problem gambling. We made donations totalling £41,480 in support of employees' fundraising activities, supporting a total of 112 charities. In addition, we made corporate donations to a variety of charities, including medical charities, local community activities, organisations supporting greyhound and racehorse welfare and disadvantaged individuals in the horseracing and greyhound racing industries.

Levies

We pay the economic subsidy to British horseracing via a statutory levy charged at 10% of gross win from British horseracing activities and support greyhound racing via a voluntary donation to the British Greyhound Racing Fund. These funds are used by the respective bodies for a wide variety of purposes, including animal welfare issues. Through our two greyhound stadia we assist with greyhound welfare issues, including funding an establishment that houses up to 25 dogs for up to three months with the intention of permanently rehoming them. Since January 2008, 613 greyhounds have been successfully rehomed.

Wide ranging experience

Gareth Davis
Chairman
(Appointed September 2010)

Responsibilities
Chairman of the Board. Responsibility for best practice corporate governance

Board committees
Nomination Committee (Chairman)
Corporate Responsibility and Regulated Issues Committee
Remuneration Committee

Current directorships
Wolseley plc (Chairman)
DS Smith PLC (Non-executive director)

Former roles
Chief Executive, Imperial Tobacco Group PLC

Qualifications
BA (Hons)

Year of appointment
2010

Ralph Topping
Chief Executive

Responsibilities
The Group's overall strategic direction, the day-to-day management and profitability of the Group's operations.

Board committees
Corporate Responsibility and Regulated Issues Committee

Current directorships
Scottish Premier League (Non-executive Chairman)
Scottish Football Association (Board member)

Former roles
Various roles within William Hill PLC

Year of appointment
2007
Appointed Chief Executive in February 2008.

Neil Cooper
Group Finance Director

Responsibilities
Finance, strategic planning, Group IT and investor relations.

Former roles
Finance Director, Bovis Homes Group PLC
Group Financial Controller, Whitbread PLC
Commercial Finance Director, Whitbread Hotels & Restaurants division
Other finance and divisional roles, Whitbread PLC
Consultant, PricewaterhouseCoopers
Finance and project management roles, Reckitt & Colman PLC

Qualifications
Management Accountant (FCMA)

Year of appointment
2010

David Allvey
Senior Independent
Non-executive Director

Board committees
Audit and Risk Management Committee (Chairman)
Nomination Committee
Remuneration Committee

Current directorships
Arena Coventry Ltd (Chairman)
Costain Group PLC (Chairman)
Friends Provident Group PLC (Senior Non-executive director)
Intertek Group PLC (Senior Non-executive director)
Thomas Cook Group PLC (Non-executive director)

Former roles
Group Finance Director, BAT Industries PLC
Group Operation Officer, Zurich Financial Services PLC
Group Finance Director, Barclays Bank PLC
Non-executive director, McKechnie Group PLC
Member of the UK Accounting Standards Board
Member of International Accounting Standards Insurance Group
Chairman of the Fiscal Committee of the 100 Group of UK Finance Directors

Qualifications
Chartered Accountant

Year of appointment
2002

David Edmonds CBE, D.Litt.
Independent Non-executive Director

Board committees
Corporate Responsibility and Regulated Issues Committee (Chairman)
Remuneration Committee (Chairman)
Audit and Risk Management Committee
Nomination Committee

Current directorships
Wincanton plc (Chairman)
Hammerson plc (Non-executive director)

Other organisations
Chairman, NHS Shared Business Services
Chairman, Legal Services Board
Board Member, Olympic Park Legacy Company

Former roles
Chairman, NHS Direct Health Trust
Director General of Telecommunications at Oftel
Legal Services Commissioner
Trustee, Social Market Foundation
Board Member, Keele University Science & Business Park Ltd
Board Member, Office of Communications
Board Member, English Partnerships
Managing Director, Group Central Services, National Westminster Group PLC
Chief Executive of the Housing Corporation

Qualifications
BA (Hons), University of Keele

Year of appointment
2005

Ashley Highfield
Independent Non-executive Director

Board committees
Audit and Risk Management Committee
Corporate Responsibility and Regulated Issues Committee
Nomination Committee
Remuneration Committee

Current directorships
Managing Director and Vice President of Consumer and Online UK at Microsoft.
Member of BAFTA
Fellow of the Royal Society of Arts
Director of the British Film Institute

Former roles
CEO of Project Kangaroo – the proposed three-way joint venture between the BBC, ITV and Channel 4. Director, New Media & Technology and a member of the executive board and management board at the BBC. Managing Director of Flextech Interactive Limited and an executive board member of Flextech plc.

Qualifications
Chartered Information Engineer
Fellow of Royal Society of Arts
BSc (Hons) Business Computing Systems

Year of appointment
2008

Thomas Murphy
General Counsel
and Company Secretary

Responsibilities
Legal, secretariat, regulatory, pensions, security and internal audit

Board committees
Corporate Responsibility and Regulated Issues Committee

Former roles
General Counsel & Company Secretary, RHM plc
General Counsel, The Automobile Association

Qualifications
Solicitor

Year of appointment
2007

Directors' Report

The Directors present their annual report on the activities of the Group, together with the financial statements and auditor's report, for the 52 weeks ended 28 December 2010. The Corporate Governance Statement set out on pages 46 to 50 forms part of this report.

Principal activities

The principal activities of the Group during the year continue to be the operation of licensed betting offices and the provision of telephone and internet betting and online casino and poker services. The subsidiary and associated undertakings principally affecting the profits or net assets of the Group are listed in note 14 to the financial statements.

Business review

For a fair review of the Group's business during the period, a description of the principal risks and uncertainties it faces and the position of the Group at the end of the year, see the following pages:

Results and dividends

The Group's profit on ordinary activities after taxation and exceptional items for the year was £156.0m (52 weeks ended 29 December 2009: £81.2m). The directors recommend a final dividend of 5.8 pence per share to be paid on 9 June 2011 to ordinary shareholders on the Register of Members on 6 May 2011 which, if approved, together with the interim dividend of 2.5 pence per share paid on 7 December 2010, makes a total of 8.3 pence per share for the year.

Directors

The directors who served during the year and up to 25 February 2011 comprise:

Charles Scott Non-executive Chairman (Resigned 31 August 2010)

Gareth Davis Non-executive Chairman (Appointed 1 September 2010)

Ralph Topping Chief Executive

Simon Lane Group Finance Director (Resigned 31 March 2010)

Neil Cooper Group Finance Director (Appointed 10 May 2010)

David Allvey Senior Independent Non-executive Director

David Edmonds Independent Non-executive Director

Ashley Highfield Independent Non-executive Director

Details of committee membership are set out on pages 34 to 35.

Details of the directors' interests are set out in note 1 to the Parent Company Financial Statements on page 111.

Directors' and Officers' liability insurance

Pursuant to Article 155 of the Articles of Association and subject to the provisions of the Companies Act, the directors and officers of the Company shall be indemnified out of the assets of the Company, against liability in defending proceedings, whether civil or criminal, in which judgement is given in their favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company. In addition, the Group has purchased and maintains Directors' and Officers' insurance cover against certain legal liabilities and costs for claims incurred in respect of any act or omission in the execution of their duties.

Directors proposed for re-election

David Edmonds and Ashley Highfield retire by rotation at the next Annual General Meeting (AGM) and offer themselves for re-election.

Gareth Davis who was appointed by the Board as a director on 1 September 2010, will retire at the AGM, and being eligible, offers himself for re-election.

Ralph Topping, the Chief Executive, Neil Cooper, the Group Finance Director and David Allvey, Senior Independent Non-executive Director have all agreed to offer themselves for re-election.

Please refer to pages 34 to 35 for biographies of the current directors.

Directors' conflicts of interests

At the Company's AGM held on 15 May 2008, shareholders approved amendments to the Company's Articles of Association to reflect certain provisions of the Companies Act 2006 relating to conflicts of interest that came into force on 1 October 2008, enabling the Board to authorise conflicts or potential conflicts of interests.

The amended Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the Company (situational conflicts). The Board has a formal system in place for directors to declare situational conflicts and for these to be considered for authorisation by those directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, these non-conflicted directors are required to act in the way they would consider would be most likely to promote the success of the Company, and they may impose limits or conditions when giving authorisation or subsequently, if they think this is appropriate.

Supplier payments policy

The Group does not have a formal code on payment practice, but it is the Group's policy to settle terms of payment with suppliers when agreeing the terms of each transaction to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment. Trade creditors of the Group at 28 December 2010 were equivalent to 17 days' purchases (29 December 2009: 20 days' purchases).

Donations

During the year the Group made charitable donations of £955,310 (52 weeks ended 29 December 2009: £924,848) principally to industry-related charities serving the communities in which the Group operates.

The Group's policy is not to make donations to political parties. In 2010, the Group agreed to sponsor the William Hill Monster Raving Loony Party for £5,000 as a public relations exercise. It does not consider this to have been a political donation.

Substantial shareholdings

On 25 February 2011, the Company had been notified, in accordance with the Disclosure and Transparency Rules of the Financial Services Authority, of the notifiable interests in the ordinary share capital of the Company set out in the table below.

Name of holder	Percentage shareholding
Schroder Investment Management	10.11
UBS Global Asset Management	6.64
Capital Research and Management	6.39
BlackRock Inc.	5.07
Invesco Limited	4.87
FMR LLC	4.82

At 28 December 2010, the Company had called up and fully paid share capital of 701,646,200 ordinary shares of 10 pence each (2009: 701,646,200).

Disabled employees

Applications for employment by disabled persons are always fully and fairly considered, bearing in mind the aptitude and ability of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Group continues and that appropriate training is arranged. It continues to be the policy of the Group that the training, career development and promotion of disabled persons should as far as is feasible be identical to that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and the Group magazine 'Will2win'. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

The Company operates an SAYE scheme which is open to all eligible employees based on a three, five or seven year monthly savings contract. Options under the SAYE are granted with an exercise price up to 20% below the prevailing share price. The maximum permissible monthly savings under the SAYE is £250.

Authority to purchase own shares

The Company did not purchase any of its own shares during the year.

The authority for the Company to purchase its own shares remains valid until the forthcoming AGM, when it is intended that a resolution will be put forward to shareholders to review.

Annual General Meeting

The AGM will be held on Thursday, 12 May 2011 at Cavendish Conference Centre, 22 Duchess Mews, London W1G 9DT. The notice of the AGM and an explanation of the items of non-routine business are set out in the explanatory circular that accompanies this annual report.

Auditor and disclosure of information to auditor

Each of the directors in office at the date when this report was approved confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

A resolution to re-appoint Deloitte LLP as the Company's auditors will be proposed at the forthcoming AGM.

By Order of the Board

Thomas Murphy
General Counsel & Company Secretary

25 February 2011

Registered Office:
Greenside House
50 Station Road
Wood Green
London N22 7TP
UK

Directors' Remuneration Report

Introduction

This report has been prepared in accordance with the Large and Medium-Sized Companies and Groups Regulations, 2008 (the Regulations). The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles of Good Governance relating to directors' remuneration. The Committee has, in preparing this report, also considered the guidance issued by the National Association of Pension Funds and the Association of British Insurers. As required by the Regulations, a resolution to approve the report will be proposed at the forthcoming AGM of the Company.

The Regulations require the auditor to report to the Company's shareholders on the 'auditable part' of the Directors' Remuneration Report and to state whether, in their opinion, that part of the report has been properly prepared in accordance with the Companies Act 2006 (as amended by the Regulations). The report has, therefore, been divided into separate sections for audited and unaudited information.

Unaudited information

Remuneration Committee

The Company has established a Remuneration Committee (the Committee), which is constituted in accordance with the recommendations of the UK Corporate Governance Code. It determines and agrees with the Board the Company's policy and framework for the remuneration of executive directors and the Chairman, and determines the specific remuneration packages for each of the executive directors and other senior management, including basic salary, other benefits and any compensation payments.

The composition of the Remuneration Committee changed during 2010 as Mr Charles Scott retired from the Board.

Details of the membership of the Remuneration Committee, together with the year in which membership commenced, are set out below. All members of the Committee are independent non-executive directors.

Director	Year of appointment
David Edmonds, Chairman	2005
David Allvey	2003
Ashley Highfield	2008
Gareth Davis	2010

No director plays a part in any discussion about their own remuneration.

In determining the directors' remuneration, the Committee appointed Towers Watson to provide advice on structuring remuneration packages for the executive directors and senior management. The Committee also consulted Mr Topping, Chief Executive, and Mr David Russell, Group Director, Human Resources, about its proposals relating to individuals other than themselves. Towers Watson did not provide any other services to the Group. Legal advice was also taken as appropriate from the General Counsel and external advisers.

Remuneration policy

This report sets out the Group's policy on senior management remuneration for 2011 and, so far as practicable, for subsequent years. The Committee considers that a successful remuneration policy needs to be sufficiently flexible to take account of future changes in the Group's business environment and in remuneration practice. The current executive and senior management remuneration policy is designed to support the business needs of the Group, to ensure that the Group has the ability to attract and retain senior managers of an appropriate calibre and to align the long-term interests of senior management with those of the shareholders. There are four main elements of the remuneration package for senior management:

- basic annual salary and benefits;
- bonus payments;
- long-term incentives; and
- pension arrangements.

The Group's long-standing policy is to position on-target total pay of the senior management at competitive market norms to ensure they remain competitive, with a substantial proportion of their remuneration being performance-related. Total pay benchmarks for comparison purposes are based on appropriate samples of companies from Towers Watson's executive surveys. In selecting appropriate peer groups, the Committee considers a number of factors given the small number of direct comparators. As a result, the Committee considers benchmarks from companies of a similar size and scope to William Hill by reference to factors such as Group revenue, gross win, market capitalisation, sector and international profile. The Group believes that this is the most appropriate policy for pay benchmarking purposes.

The performance measurement of the key members of senior management and the determination of their annual remuneration packages is undertaken by the Committee.

This overall policy will continue unless changed by the Committee and any changes in policy for years after 2011 will be described in future reports, which will continue to be subject to shareholder approval.

During 2010, the Committee undertook a review of the continued appropriateness of current long-term incentives in light of the growing strategic and long-term importance of William Hill Online. Following this review, and after full consultation with shareholders, approval was given at the AGM in May 2010 for the introduction of the William Hill PLC Performance Share Plan (PSP), a long-term incentive plan to replace the Executive Bonus Matching Scheme (EBMS). Both schemes are described later in this report under the section on long-term incentives.

Basic annual salary

The salaries of senior management are reviewed on 1 March each year. Positioning of individual pay levels around competitive mid-market norms are determined by reference to individual performance, experience and criticality to the business. The Committee's decisions are also influenced by the performance of the Group and pay decisions elsewhere in the Group.

In April 2010, the Committee decided to postpone the review of base salaries for executive directors and all other senior management in light of the prevailing economic environment. Instead, the Committee decided to revisit the salaries for executive directors in the final quarter of 2010 and, following a comprehensive review, the salary of Mr Topping was increased to £540,000 with effect from 1 October 2010. The Committee is mindful that this represents the first increase in Mr Topping's base salary since his appointment in early 2008 and still remains materially below our policy level. Given the unique importance of the Chief Executive during the current transition period of the business, the Committee will re-visit his salary position in 2011.

Bonus payments

Executives are eligible to participate in a senior management bonus scheme that is reviewed by the Committee on an annual basis to determine the most appropriate performance measures and targets for that year. For 2010, 75% of the scheme was measured against the Group's financial performance as measured by profit on ordinary activities before exceptional items, finance charges and taxation (PBIT) as well as other key operational results and 25% was measured against individual objectives as agreed by the Board. The bonus plan provided for a target payment of 90% of basic salary and a maximum payment of 165% of salary, 30% of which is payable in cash with the remaining 70% paid in shares on a deferred basis.

Bonus payment for Mr Topping for the 52 weeks ended 28 December 2010, reflecting both strong financial performance and achievement of key operational goals, was 165% of base salary. Thirty percent of the Chief Executive's bonus is payable in cash with the remaining 70% invested in shares and deferred until March 2014.

Bonus payment for Mr Cooper was 120% of base salary and paid on a *pro rata* basis from his date of joining the Company in May 2010. Fifty per cent of the Group Finance Director's bonus is payable in cash with the remaining 50% invested in shares and deferred until March 2014.

The performance measures for the 2011 bonus will continue to be primarily based on PBIT and other key operational results. The Committee believes that PBIT will remain the principle indicator of short-term performance for bonus purposes. It is intended that 75% of the 2011 bonus will be determined according to the company PBIT and 25% will continue to be based on individual objectives for the year.

Long-term incentives

Long-term incentives are provided to reward superior and sustained long-term performance, to align the long-term interests of executives with those of shareholders and to aid retention.

Under the EBMS, which was approved by shareholders in 2007, executive directors received 70% of their annual bonus, on a pre-tax basis, in the Company's shares on deferred terms. Other senior executives who participated in the EBMS are compulsorily required to invest one-half of their annual bonus, again on a pre-tax basis, in deferred shares.

For the 2007 Award under this plan, 40,154 and 47,682 shares, including dividends, vested to Mr Topping and Mr Lane, respectively, on 5 March 2010. No matching shares vested under this Award.

At the same time as granting the deferred shares, the Committee granted a matching award to the executive directors on a ratio of not more than one-for-one. If the executive director remained in service for three years, they would be entitled, in addition to the deferred shares, to a number of the matching shares calculated by reference to two performance conditions measured over the three-year performance period. One half of the matching shares would be dependent on the Company's earnings per share performance (the EPS Tranche) and the other half would be related to the Company's relative total shareholder return (the TSR Tranche).

Under the EPS Tranche, target performance was Consumer Price Index (CPI) plus 3% per annum, at which 50% of the relevant matching shares will vest. For maximum performance (CPI plus 9% per annum), 100% of the relevant matching shares would vest. No shares under the EPS Tranche would vest if EPS growth were less than CPI plus 3%.

The number of matching shares that a participant would receive under the TSR Tranche, depended on the Company's TSR performance relative to a comparator group of 29 companies from the retail and leisure sector. No shares would vest if the TSR ranking was below the 50th percentile, 25% of the relevant matching award would vest at the 50th percentile and at the 75th percentile the TSR Tranche would vest in full.

The matching shares would vest on a straight-line basis between target and maximum performance.

In 2010, shareholders approved the introduction of a new share plan by William Hill PLC, the William Hill Performance Share Plan ('PSP').

The PSP was introduced to reflect that, over the last 24 months, the business has been developing its longer-term online plans which aim to bring about significant transformational change in the Group. This transformational process was started through the creation of William Hill Online and, as a result, the Group has since become one of the top three listed European online betting and gaming businesses. In order to reflect this change in strategic emphasis, there was a requirement to realign the Group's long-term incentive arrangements towards rewarding senior management for the successful delivery of these plans. These arrangements are aimed at aligning, motivating and retaining the senior team during the next few years as the business continues to move through this transformation process.

The key terms of the initial awards made under the PSP are as follows:

- in order to focus the new plan on the critical transformation period for William Hill, initial awards in 2010 will vest over a four-year period and then revert to three years for the 2011 awards and beyond. Payouts will be determined according to a sliding scale from threshold to maximum performance on a straight-line basis;
- the vesting of shares for initial awards will be dependent on earnings per share ('EPS') and Total Shareholder Return targets, each of which will apply to 50% of the award shares. Vesting levels for threshold and maximum performance will be 25% and 100% of the award respectively;
- the EPS range for the 2010 award is based on the four-year aggregate of EPS over the period, the threshold vesting requirement of which was set to be consistent with external analyst expectations at the time of award. The aggregate EPS range corresponding with the sliding scale for threshold to maximum vesting for 2010 awards is 85p to 105p, respectively;
- TSR performance for 2010 awards is measured relative to a selected comparator group of 16 other gaming and leisure sector companies; and
- to enhance the initial focus of the PSP, the first award to Mr Topping and Mr Cooper was set at a higher-than-normal level of 225% and 200% of salary, respectively. Awards will be reduced in 2011 to 100% of salary for both Mr Topping and Mr Cooper before reverting to market norms from 2012.

In respect of awards to be made in 2011, the targets for the 2011 awards will be decided within the agreed timescales of the rules of the plan.

The Company also operates SAYE schemes for eligible employees under which options are granted with an exercise price up to 20% below the prevailing share price. Senior management is eligible to participate. No significant amendments are proposed to be made to the terms and conditions of any entitlement of a director to share options.

Pension and other benefit arrangements

Market competitive retirement benefits are provided to act as a retention mechanism and to recognise long service.

In April 2008, it was agreed that Mr Topping could draw his pension and continue working. As a result, he ceased to be an active member of the pension scheme and neither he nor the Group makes any contributions to the scheme on his behalf. In 2009, it was agreed that Mr Topping would instead be paid an annual supplement of 25% of base salary in lieu of ceasing to participate as an active member of the pension scheme.

The current final salary scheme is closed to new entrants and was replaced by a money-purchase scheme, the Pensions Savings Plan, in 2001. Employee consultation took place in 2010 following a Board proposal to close the final salary for future accrual to active members on 31 March 2011. Following a full review of the representations raised by the employees during the consultation period and of the agreement reached by the Group and The Trustee Board over compensation payments and concessions for members of the final salary scheme, the Board approved this proposal and notified members of their decision in January 2011.

The employer contributions under the money-purchase scheme are 20% of pensionable salary for executive directors, subject to the same earnings limit as in the 'Retirement Plan'.

Mr Cooper is a member of the Pensions Savings Plan and he receives 15% of pensionable salary in employer contributions under the money-purchase scheme and a further 5% of pensionable salary as a cash supplement in lieu of the full employer pension contribution rate. The Company contributed £12,360 to Mr Cooper's defined contribution pension fund between 10 May 2010 and 31 December 2010.

Mr Lane was a member of the Pension Savings Plan until his leaving date on 31 March 2010. In addition to the 20% employer contribution rate, he received a further £32,500 per annum in compensation for loss of benefit above the earnings cap. The company contributed £14,305 to Mr Lane's defined contribution pension fund between 1 Jan 2010 and 31 March 2010.

The normal retirement age is 63 (final salary) and 65 (money purchase). However, in view of the Age Discrimination legislation introduced in October 2006, individuals can opt to continue working until 65, the Group's recognised normal retirement age. This is also under review due to pending legislation to abolish the default retirement age during 2011.

In addition to the pension, senior management receive other competitive benefits, such as a fully expensed car or car allowance, private health cover and permanent health insurance. It is intended to continue to provide these benefits but to retain the flexibility to provide a cash alternative for any or all of these, according to individual circumstances.

Policy regarding minimum shareholding

It is the Board's policy to require executive directors and certain members of senior management to hold a minimum shareholding in the Company equal to one year's basic salary. Whilst not contractually enforceable, the Committee expects to exercise its discretion regarding participation in various bonus schemes and long-term incentive arrangements to individuals who fail to meet the minimum shareholding requirement. All members of the senior management team for whom this was applicable by the end of 2010 met their minimum shareholding requirement.

Policy on external appointments for executive directors

Executive directors are required to obtain the Board's prior written consent to accept external appointments. Mr Topping was appointed Non-executive Chairman of the Scottish Premier League on 15 October 2009. He did not receive any fees in 2010 in relation to this appointment.

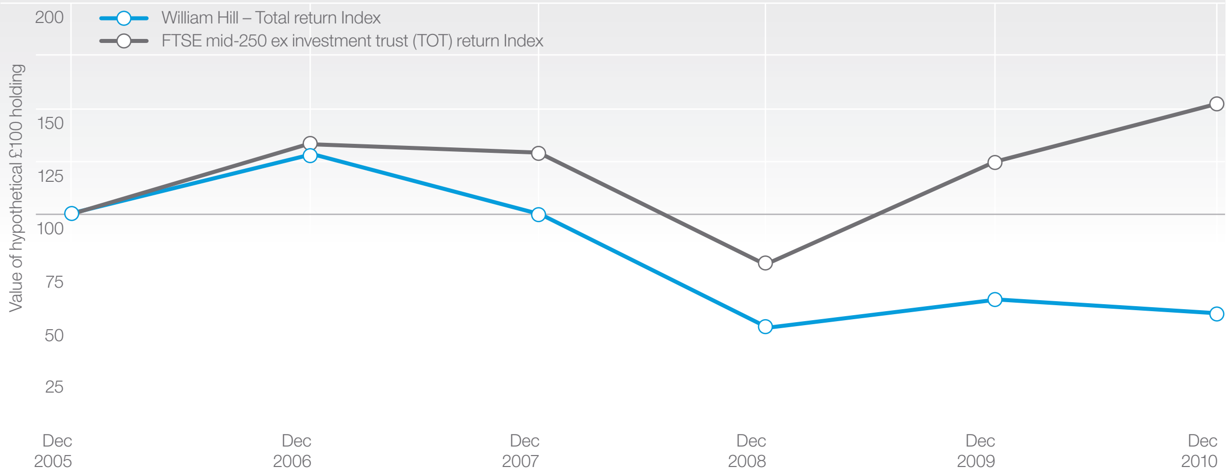
Performance graph

As required by the Regulations, the graph below shows the Company's TSR performance, compared with that of the performance of the FTSE 250 (excluding investment trusts) Index. The Company is a member of the FTSE 250 Index.

The graph consists of points representing the change in the value of a nominal investment of £100 made on 29 December 2005 in the Company and the FTSE 250 (excluding investment trusts) Index, respectively. The change in value of the index holding reflects changes in the value of the constituent companies over the period. The closing values at 31 December 2010 represent the value of each nominal holding at that date and reflect the change in the share price and the value of dividend income re-invested over the period.

Total shareholder return

Historical TSR Performance Growth in the value of a hypothetical £100 holding over five years.
FTSE mid 250 (excluding investment companies) index comparison based on 30 trading day average values.



Executive directors' contracts

It is the Company's policy that executive directors should have contracts with an indefinite term providing for a maximum of one year's notice. Consequently, no executive has a contractual notice period in excess of 12 months.

In the event of early termination, the policy on executive directors' contracts provides for compensation up to a maximum of 12 months' basic salary, pension contributions and other benefits. Executive directors may also receive pro-rated annual bonus in respect of the period worked in the financial year up to departure, subject to performance. The Committee will also consider mitigation to reduce compensation to a departing director where appropriate to do so.

Mr Topping is employed under a service contract dated 21 February 2008. He is entitled to a basic annual salary, participation in the Company's bonus scheme, a cash allowance in lieu of pension equivalent to 25% of basic annual salary, a company car (or cash allowance in lieu), permanent health insurance and private medical insurance cover. Mr Topping's contract is for an indefinite term ending automatically on his retirement date (age 63) but may be terminated by 12 months' notice given by either party.

Mr Cooper is employed under a service contract with the Company dated 23 November 2009 in the same format that applies to Mr Topping, other than in respect of pension. Mr Cooper's contract is for an indefinite term ending automatically on his retirement date (age 65) but may be terminated by 12 months' notice given by either party. The service contracts of Mr Topping and Mr Cooper contain the following provisions:

- the Company may, at its discretion, elect to terminate the contract by making a payment in lieu of notice equal to the salary that would have been received during the notice period, a pro-rated amount in respect of bonus for the year in which the employment terminates and the annual cost to the Company of providing pension and all other benefits to which they are entitled under the contract;
- at the Company's discretion, this payment may be made either as a lump sum or in 12 equal monthly instalments. If the Company elects to pay in instalments and the individual commences alternative employment or provides services pursuant to a consultancy arrangement while the monthly payments are being made then they shall be reduced by 80% of one-twelfth of the basic annual salary or fee; and
- there is a contractual obligation to secure alternative employment as soon as reasonably practicable.

Mr Lane's contract was terminated on 31 March 2010 and its terms and conditions were the same as those referred to above for Mr Topping and Mr Cooper other than in respect of pension arrangements for Mr Topping. The Company chose to exercise its right to terminate the contract by making a payment in lieu of notice on the basis outlined above. Details of any continued entitlements under the Group's various share schemes are referred to earlier in this report and in the table on this report on page 45. Mr Lane also received a contribution of £2,000 towards his legal fees pursuant to a compromise agreement.

Non-executive directors' letter of appointment

All non-executive directors have specific letters of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association and based on independent surveys of fees paid to non-executive directors of similar companies. Remuneration is set taking account of the commitment and responsibilities of the relevant role. The non-executive directors do not have service contracts.

Mr Scott's fee in respect of service rendered to the Company was increased to £282,000 under a letter dated 27 January 2010 which extended his period of office with the Company for up to a year from 1 January 2010 to no later than 31 December 2010. Mr Davis was appointed as non-executive Chairman on 1 September 2010 under an appointment letter dated 28 July 2010 for an initial period of three years' office due to end on 31 August 2013. Mr Davis's basic annual fee on appointment was £250,000 with effect from 1 September 2010 in respect of all services rendered to the Company.

In March 2008, the basic annual fee paid to non-executive directors was increased to £50,000 and the additional fee for chairing a Board committee was increased to £13,000 and £18,000 for the Remuneration Committee and Audit Committee, respectively. Also, with effect from 1 March 2008, the Senior Independent Non-executive Director was paid an additional fee of £5,000. These arrangements remained in place during 2010.

Non-executive directors are appointed for an initial term of three years and, in normal circumstances and subject to satisfactory performance and re-election at AGMs, they would be expected to serve for an additional three-year term. Non-executive directors may be requested to serve for a further three-year term subject to rigorous review at the relevant time and agreement with the relevant director.

Mr Allvey's appointment letter was dated 17 May 2002 and his term of office was extended by a letter dated 12 April 2005 for a further three-year term to expire on 17 May 2008. Mr Allvey's term of office has been further extended for three years to end in May 2011. Mr Edmonds was appointed as an independent non-executive director in January 2005. Mr Edmonds' appointment letter was dated 22 December 2004 and his term of office was extended by a letter with effect from 1 January 2008 for a further term of office to expire in May 2011. Mr Highfield was appointed as an independent non-executive director in November 2008. Mr Highfield's appointment letter is dated 17 November 2008. Upon termination or resignation non-executive directors are not entitled to compensation and no fee is payable in respect of the unexpired portion of the term of appointment. Non-executive directors cannot participate in any of the Group's incentive schemes and are not eligible to join the Group's pension scheme.

Audited information

Aggregate directors' remuneration:

	2010 Total £	2009 Total £
Emoluments	**3,131,205**	2,126,274
Gains on exercise of share options	**266,645**	–
Gains arising on shares transferred	**–**	–
	3,397,850	2,126,274
Pension contributions	**26,665**	24,420

Directors' emoluments

Name of director	Fees/ basic salary £	Benefits in kind £	Annual bonuses £	In lieu of pension[1] £	Loss of office £	**2010 Total £**	2009 Total £
Executive directors							
Ralph Topping	491,250	29,961	891,000	237,500	–	**1,649,711**	1,055,514
Simon Lane	81,250	8,219	–	–	311,041	**400,510**	576,815
Neil Cooper	226,389	6,265	280,000	3,997	–	**516,651**	–
Non-executive directors							
Charles Scott	282,000	–	–	–	–	**282,000**	273,000
Gareth Davis	83,333	–	–	–	–	**83,333**	–
David Allvey	73,000	–	–	–	–	**73,000**	70,500
David Edmonds	76,000	–	–	–	–	**76,000**	69,500
Barry Gibson	–	–	–	–	–	**–**	24,862
Ashley Highfield	50,000	–	–	–	–	**50,000**	56,083
Aggregate emoluments	1,363,222	44,445	1,171,000	241,497	311,041	**3,131,205**	2,126,274

1 Included in lieu of pension for Mr Topping was £237,500 paid as supplement in lieu of pension contributions to the Company Scheme. Included for Mr Cooper was £3,997 paid as a salary supplement in lieu of pension benefit lost due to the Earnings Cap.

Directors' share options and awards

Aggregate emoluments disclosed above do not include any amounts for the value of share options to acquire, or awards over, ordinary shares in the Company granted to or held by the directors. Details of the options exercised during the period are as follows:

Name of director	Scheme	Number of options	Exercise price	Market value at exercise date	**Gain on exercise in 2010 £**	Gain on exercise in 2009 £
Ralph Topping	Operating Bonus	4,691	–	201p	**9,410**	–
Ralph Topping	PSP 2005	13,436	–	201p	**26,953**	–
Ralph Topping	PSP 2006	6,772	–	201p	**13,585**	–
Ralph Topping	EBMS 2007	40,154	–	199p	**79,742**	–
Simon Lane	PSP 2006	21,164	–	200p	**42,265**	–
Simon Lane	EBMS 2007	47,682	–	199p	**94,690**	–
					266,645	–

Details of options for directors who served during the period are as follows:

Name of Director	Scheme	Number of shares at 29 December 2009	Granted during the period	Exercised during the period	Lapsed/ forfeited	**Number of shares at 28 December 2010[1]**	Exercise price	Date from which exercisable	Expiry date
Simon Lane	PSP 2006	21,164	–	(21,164)	–	**–**	–	Mar 2009	Mar 2016
	EBMS 2007	85,684	4,840	(47,682)	(42,842)	**–**	–	Mar 2010	Apr 2010
	EBMS 2008	124,220	–	–	–	**124,220**	–	Mar 2011	Apr 2011
	EBMS 2009	507,226	–	–	–	**507,226**	–	Mar 2012	Apr 2012
	SAYE 2009	6,582	–	–	–	**6,582**	139p	Aug 2012	Jan 2013
Ralph Topping	Operating bonus	4,691	–	(4,691)	–	**–**	–	n/a	n/a
	PSP 2005	13,436	–	(13,436)	–	**–**	–	Jun 2008	June 2015
	PSP 2006	6,772	–	(6,772)	–	**–**	–	Mar 2009	Mar 2016
	PSP 2010	–	545,280	–	–	**545,280**	–	May 2014	May 2020
	EBMS 2007	72,156	4,076	(40,154)	(36,078)	**–**	–	Mar 2010	Apr 2010
	EBMS 2008	148,310	–	–	–	**148,310**	–	Mar 2011	Apr 2011
	EBMS 2009	741,330	–	–	–	**741,330**	–	Mar 2012	Apr 2012
	EBMS 2010	–	299,398	–	–	**299,398**	–	Mar 2013	Apr 2013
	SAYE 2009	6,582	–	–	–	**6,582**	139p	Aug 2012	Jan 2013
Neil Cooper	PSP 2010	–	357,142	–	–	**357,142**	–	May 2014	May 2020
Gareth Davis	n/a	–	–	–	–	**–**	–	–	–
David Allvey	n/a	–	–	–	–	**–**	–	–	–
David Edmonds	n/a	–	–	–	–	**–**	–	–	–
Barry Gibson	n/a	–	–	–	–	**–**	–	–	–
Ashley Highfield	n/a	–	–	–	–	**–**	–	–	–

1 Or in the case of Mr Lane, his date of resignation as a director.

Options granted under the SAYE scheme are not subject to performance criteria. There have been no variations to the terms and conditions or performance criteria for any share options during the financial year. The market price of the Ordinary Shares at 29 December 2010 was 171.8p and the range during the period from 29 December 2009 to 28 December 2010 was 155.5p to 216.5p.

Directors' pension entitlements

The Company contributed £12,360 to Mr Cooper's defined contribution pension fund between 10 May 2010 and 28 December 2010. Mr Lane was a member of the Pension Savings Plan until his leaving date on 31 March 2010. The Company contributed £14,305 to Mr Lane's defined contribution pension fund between 1 January 2010 and 31 March 2010.

Approval

This report was approved by the Board of Directors on 25 February 2011 and signed on its behalf by:

David Edmonds
Chairman of the Remuneration Committee

Principles statement

The Board remained committed to high standards of corporate governance which it considers to be central to the effective management of the business and to maintaining the confidence of investors.

Statement of compliance

During the year, the Board considers that it and the Company have complied with the best practice provisions of Section 1 of the Combined Code on Corporate Governance (the 'Code') of June 2008 issued by the Financial Reporting Council (FRC). In June 2010, following lengthy review and consultation, the FRC published a new code, the UK Corporate Governance Code (the Governance Code) which will replace the Code for financial years beginning on or after 29 June 2010. The Company is also supportive of the Institute of Chartered Secretaries and Administrators (ICSA) consultation document 'Improving board effectiveness', published in July 2010.

Board of Directors

As at 28 December 2010, the Board comprised four non-executive directors (including the Chairman) and two executive directors. The roles of Chairman (as fulfilled by Charles Scott prior to 1 September 2010 and Gareth Davis with effect from 1 September 2010) and Chief Executive (as fulfilled by Ralph Topping) are separated, clearly defined, and approved by the Board. David Allvey is the Senior Independent Non-executive Director. The Company regards Gareth Davis, David Allvey, David Edmonds and Ashley Highfield as Independent Non-executive Directors.

Details of Board and committee attendance are set out in the table below. Appropriate insurance cover is in place in respect of legal action against directors.

	Board					
	Scheduled	Ad hoc	Audit and Risk Management Committee	Corporate Responsibility and Regulated Issues Committee	Nomination Committee	Remuneration Committee
Number of meetings held	10[1]	2	6	5	4	4
Meetings attended						
Gareth Davis[2]	3	0	n/a	2	0	1
Charles Scott[2]	6	2	n/a	3	2	2
David Allvey	9	2	5	n/a	3	2
Neil Cooper[2]	5	0	n/a	n/a	n/a	n/a
David Edmonds	10	2	6	5	4	4
Ashley Highfield	10	1	6	5	3	4
Simon Lane[2]	3	2	n/a	n/a	n/a	n/a
Ralph Topping	10	1	n/a	5	n/a	n/a

Notes:

1 The Board held 10 scheduled meetings (including an off-site Strategy Day with senior managers) during the year and two ad hoc meetings were held to consider specific issues during the year.

2 Charles Scott retired as a director and Chairman on 31 August 2010 and Gareth Davis was appointed as a director and Chairman on 1 September 2010. Simon Lane resigned as Group Finance Director on 31 March 2010 and Neil Cooper was appointed Group Finance Director on 10 May 2010. David Allvey missed one scheduled board meeting. The figures shown in the table include both attendances in person and by telephone.

The Board comprises individuals with wide business experience gained in various sectors of industry and in the public sector. They have access to all information relating to the Group, the advice and services of the Company Secretary (who is responsible for ensuring that Board procedures are followed and is also the Company's General Counsel), and, as required, external advice at the expense of the Group.

The Board operates within a formal schedule of matters reserved to it. This schedule is reviewed and updated on a regular basis. Other powers are delegated to the various Board Committees and senior management. Details of the roles and responsibilities of the Board Committees are set out within this report. Papers for Board and Committee meetings are circulated in advance of the relevant meeting and where a director is unable to attend he continues to be provided with a full copy of the papers and has the opportunity to comment on the matters to be discussed.

The Board considers that its primary role is to provide leadership to the Group, to set the Group's long-term strategic objectives and to develop robust corporate governance and risk management practices. The Schedule of Matters Reserved to the Board and delegated authorities are regularly reviewed and approved by the Board. Matters reserved to the Board include, amongst other matters:

- setting the overall direction, long-term objectives and strategy of the Group and delegating day-to-day management to the Chief Executive;
- reviewing Group performance;
- reviewing the arrangements in place relating to regulatory and industry issues;
- approving the appointment and removal of any board member and the Company Secretary;
- reviewing and approving the terms of reference of the various board committees and receiving reports from committee chairmen on a regular basis;
- approving changes to the Group's capital structure; any significant acquisitions and disposals; capital investment projects and material contracts;
- approval of the Group's annual plan, Annual Report and Accounts and Interim Statement, and setting the Group's dividend policy;
- approval of the Group's charitable donations and Group-wide corporate social responsibility policies;
- undertaking reviews of board, committee and individual director performance at least annually; and
- succession planning for senior management and the Board (on the recommendation of the Nomination Committee).

The authority delegated to senior management provides a practical framework to executive management, which seeks to achieve the dual objectives of maintaining effective financial and operational controls whilst providing sufficient flexibility to manage the business. Examples of areas of such delegated authority include the release of capital expenditure against approved budgets; treasury activity within approved limits; payroll processing; property transactions; LBO development activities; the setting of bet acceptance limits and routine transaction processing.

During the year, both Mr Scott and Mr Davis met with the non-executive directors without the executive directors being present and, as part of the process to appraise Mr Scott's performance, the Senior Independent Non-executive Director met with Mr Edmonds and Mr Highfield.

Chairman and Chief Executive

Until 31 August 2010 the Chairman, Charles Scott, was responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda. Since 1 September 2010, Gareth Davis has been responsible for this role as Chairman of the Company. The Chief Executive, Ralph Topping, is the executive responsible for the running of the business. The Senior Independent Non-executive Director's main role is to satisfy the function outlined in the Code of being available to shareholders if there are concerns which normal contact has failed to resolve, to lead the process for evaluating the Chairman's performance and to chair the Nomination Committee when it is considering succession to the role of Chairman. No one individual has unfettered powers of decision-making.

Mr Scott satisfied the independence criteria detailed in provision A.3.1 of the Code during his appointment as Chairman and Mr Davis was considered to have met the independence criteria on his appointment as Chairman on 1 September 2010. Details of the Chairman's other significant commitments are set out on page 34.

Board balance, independence and appointments

During the year, the Nomination Committee and the Board reviewed the structure, size and composition of the Board (together with an evaluation of the Board's balance of skills, knowledge and experience); the membership of the various board committees and the expected time commitment and policy for multiple board appointments for executive and non-executive directors.

The directors' aim is to ensure that the balance of the Board reflects the changing needs of the Group's business.

The Nomination Committee and the Board will continue to monitor the Board balance and skills at least annually.

As at 28 December 2010, the Board comprised four independent non-executive directors and two executive directors. During the year, the Company satisfied the Code requirements that at least half the Board, excluding the Chairman, should comprise non-executive directors determined by the Board to be independent.

Appointments to the Board are the responsibility of the full Board, on the recommendation of the Nomination Committee. On joining the Board, non-executive directors receive a formal appointment letter, which identifies the time commitment expected of them. A potential director candidate is required to disclose all significant outside commitments prior to appointment and the Board has approved a policy requiring disclosure and approval by the Board of all additional appointments for executive or non-executive directors. The terms and conditions of appointment of non-executive and service contracts of executive directors are available to shareholders for inspection at the Group's registered office during normal business hours and at the AGM (for 15 minutes prior to the meeting and during the meeting).

Information and professional development

The Board receives detailed reports from executive management on the performance of the Group at monthly board meetings and other information as necessary and senior management regularly make presentations to the Board on their areas of responsibility. Regular updates are provided on relevant legal, corporate governance and financial reporting developments and directors are encouraged to attend external seminars on areas of relevance to their role. The Board has approved an information and professional development policy for directors.

A formal induction programme has been developed by the Company Secretary and approved by the Chairman. A range of both general and Group-specific information is provided in hard copy and this is supplemented by a series of meetings with external advisers and employees. Induction programmes are in place for appointment to the Board, the Audit and Risk Management Committee, the Remuneration Committee and the Corporate Responsibility and Regulated Issues Committee.

All directors have access to the advice and services of the Company Secretary. The removal and appointment of the Company Secretary is a matter reserved for Board approval. The Board also obtains advice from professional advisers as and when required.

Performance evaluation

A process of performance evaluation of the Board, its committees and directors is undertaken on an annual basis and recently the process undertaken has involved the following:

- the four Board committees conducting a review of their terms of reference and continued to assess committee performance;
- one-to-one meetings held between the Chairman and each director to assess individual director performance and to allow any other issues to be raised; and
- a performance evaluation process including an assessment by the Board of its own performance, feedback to the Board from the chairman of each committee and the Board, and the approval of action to address issues raised.

The Senior Independent Non-executive Director led the process for the evaluation of the Chairman's performance, involving discussions with each other director, a meeting with the other independent non-executive directors and feedback to the Chairman.

Re-election

All directors are subject to election at the first annual general meeting following their appointment by the Board. The Company's Articles of Association state that each year one third of directors should retire by rotation but that if a director has at the start of the AGM been a director for more than three years since his last re-appointment they shall retire. In practice, this means that every director stands for re-election at least once every three years.

In accordance with a new provision included in the Governance Code, all Directors will seek re-election at the next AGM. Although the provision of the Governance Code would not apply to the Company until the financial year ending December 2011, the Board has decided to comply this year.

The Board explains the reasons why it believes each director should be elected or re-elected in the Notice of Meeting for the next AGM. As referred to above, those directors who held office during the year have been subject to formal performance evaluation and the Board believes that their performance continues to be effective and to demonstrate commitment to their relevant role. Their re-election is also consistent with the Board's evaluation of the size, structure and composition of the Board.

Remuneration

The Directors' Remuneration Report is set out on pages 39 to 45.

Relations with shareholders

The Board remains committed to maintaining good relationships with both institutional and private shareholders. There continues to be a regular dialogue with institutional shareholders although care is exercised to ensure that any price-sensitive information is released at the same time to all shareholders, in accordance with the requirements of the UK Listing Authority. Slide presentations provided to institutional shareholders and analysts following the publication of the Group's final and interim results are made available on the Group's investor relations website, www.williamhillplc.co.uk, and the results presentations can be accessed both live and as a recording for a period following the meeting.

The Chairman is available to discuss strategy and governance issues with shareholders and Mr Allvey, as the Senior Independent Non-executive Director, is available to shareholders if they have concerns that have not been, or cannot be, addressed through the Chairman or Group Finance Director. Meetings between the Chairman, Chief Executive and/or the Group Finance Director and shareholders have been held on request to discuss governance and corporate responsibility issues generally.

The Group obtains feedback from its brokers, Citi and Investec, on the views of institutional investors on a non-attributed basis and the Chief Executive and/or Group Finance Director communicate the issues and concerns of major shareholders to the Board. As a matter of routine, the Board receives a monthly report from its brokers on issues relating to recent share price performance, trading activity and institutional investor sentiment. The Board also receives copies of relevant analysts' reports on an ad hoc basis and has the support of an in-house Investor Relations department.

The Board regards the AGM as an important opportunity to communicate directly with all shareholders. Board members, including the chairmen of the Remuneration, Nomination, Audit and Risk Management and Corporate Responsibility and Regulated Issues Committees, attended the 2010 meeting and intend to attend the forthcoming meeting and will be available to answer questions. In order that shareholders are aware of the other shareholders' voting intentions, the details of proxy votes for the meetings held in 2010 were announced at the relevant general meeting and were made available on the Group's website following the meeting. The website also contains copies of the Notices of Meeting and explanatory notes. A separate resolution was proposed on each substantially separate issue. It is intended to continue with these practices for 2011 and future shareholder meetings. It is planned to post the Notice of the 2011 AGM to shareholders with the Annual Report and Accounts at least twenty working days prior to the date of the meeting.

Board Committees

The Remuneration Committee, the Nomination Committee, the Audit and Risk Management Committee and the Corporate Responsibility and Regulated Issues Committee, are standing committees of the Board.

The terms of reference of the Committees, including their objectives and the authority delegated to them by the Board, are available upon request or via the Group's investor relations website (www.williamhillplc.co.uk) and are regularly reviewed by the relevant committee and the Board. All committees have access to independent expert advice. Appointments to Board committees are for three-year terms extendable by no more than two additional three-year terms.

Audit and Risk Management Committee

The role and operation of the Audit and Risk Management Committee is set out in its report on pages 52 to 53.

Nomination Committee

The role and operation of the Nomination Committee is set out in its report on page 51.

Remuneration Committee

The role and operation of the Remuneration Committee is set out in the Directors' Remuneration Report on pages 39 to 45.

Corporate Responsibility and Regulated issues Committee

Details of the membership and areas of key focus of the Corporate Responsibility and Regulated Issues Committee are set out in the Corporate Responsibility statement on pages 24 to 33.

Internal control

The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness. Executive directors and senior management are responsible for the implementation and maintenance of the internal control systems, which are subject to yearly review that is documented. The Internal Audit department maintains a database recording the system of internal controls in every division and department throughout the Group.

The Board monitors the ongoing process by which critical risks to the business are identified, evaluated and managed. This process is consistent with both the Turnbull Guidance on Internal Control, and the revised guidance issued by the Financial Reporting Council in October 2005, and has been in place for the year under review and up to the date of approval of the Annual Report and Accounts.

Each year the Board assesses the effectiveness of the Group's system of internal controls (including financial, operational and compliance controls and risk management systems) on the basis of:

- established procedures, including those already described, which are in place to manage perceived risks;
- regular reports by management to the Audit and Risk Management Committee on the adequacy and effectiveness of internal control systems and significant control issues;
- the continuous Group-wide process for formally identifying, evaluating and managing the significant risks to the achievement of the Group's objectives; and
- reports to the Audit and Risk Management Committee on the results of internal audit reviews and work undertaken by other departments.

The Group's internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve the Group's objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss. In assessing what constitutes reasonable assurance, the Board considers the materiality of financial and non-financial risks and the relationship between the cost of and benefit from internal control systems.

The Board regularly reviews the actual and forecast performance of the business compared with the annual plan, as well as other key performance indicators.

Lines of responsibility and delegated authorities are clearly defined. The Group's policies and procedures are regularly updated and distributed throughout the Group. The Audit and Risk Management Committee receives reports on a regular basis on compliance with the Group's policies and procedures.

No significant failings or weaknesses were identified as a result of the review of the effectiveness of the Group's system of internal control.

Assessment of risk

A corporate risk matrix has been developed and has been updated following detailed review by Internal Audit and senior management during the year. The matrix is approved annually by the Audit and Risk Management Committee and the Board. The matrix records the key risks facing the business, the assessment of the likelihood of the risks crystallising and their potential materiality, and the Group's response to each risk. Responsibility for management of the risks is attributed typically to senior management.

The Board uses the control and risk management processes to identify and manage any significant risks arising from social, environmental and ethical issues. Further details of the Group's corporate responsibility practices are described on pages 28 to 33.

Internal Audit

The Internal Audit department reviews the extent to which systems of internal control: are effective; are adequate to manage the Group's significant risks; safeguard the Group's assets, and in conjunction with the Company Secretary (who is also the Company's General Counsel), ensure compliance with legal and regulatory requirements. It provides independent and objective assurance on risks and controls to the Board and senior management.

Internal Audit's work is focused on areas of greatest risk to the Group, as determined by a structured risk assessment process involving executive directors and senior management. The output from this process is summarised in an annual audit plan, which is approved by the Audit and Risk Management Committee. The Head of Internal Audit reports regularly to the Group Finance Director and the Audit and Risk Management Committee.

The role of the Internal Audit department and the scope of its work continue to evolve to take account of changes within the business and emerging best practice.

Going concern

The directors have prepared the financial statements on a going concern basis consistent with their view, formed after making appropriate enquiries, that the Group is operationally and financially robust. Further details are set out in the Group's Financial Statements on page 69.

Report of the Nomination Committee

Membership and meetings

Set out below is the current membership of the Nomination Committee, together with the year in which membership commenced. Charles Scott retired as a director and Chairman on 31 August 2010 and was replaced by Gareth Davis on 1 September 2010. All members of the committee are independent non-executive directors and the committee is chaired by the Board Chairman.

Director	Year of Appointment
Gareth Davis, Chairman	2010
David Allvey	2002
David Edmonds	2005
Ashley Highfield	2009

The Company Secretary, or one of the committee members, acts as secretary to the Committee.

The Committee meets as necessary and, if possible, before or after regular meetings of the Board. The Committee met formally on four occasions during 2010.

Role of the Nomination Committee

A full copy of the terms of reference for the Committee can be obtained via the corporate website at www.williamhillplc.co.uk or by request to the Company Secretary. Its principal function is to carry out a formal selection process for executive and non-executive directors and subsequently to propose to the Board any new appointments.

The Nomination Committee oversees succession planning for directors and senior managers below Board level.

The Chairman of the Nomination Committee reports to the Board on the outcome of meetings.

Main activities during 2010

During the year, the Committee made recommendations to the Board regarding its size, structure and Board and committee composition.

During 2010, the Committee also:

- reviewed and approved an extension to the contract for the Chairman, Charles Scott;
- reviewed the terms of reference of the Nomination Committee;
- following an evaluation of the Board by an external consultant, reviewed the composition of the Board and reviewed the performance effectiveness of the Board;
- recommended to the Board that Gareth Davis be appointed Chairman of the Company, in succession to Charles Scott;
- approved the directors who would offer themselves for re-election at the 2011 AGM in accordance with the articles of association; and
- approved the Report of the Nomination Committee contained in the Annual Report and Accounts.

Membership, meetings and remuneration

Set out below is the current membership of the Audit and Risk Management Committee together with the year in which membership commenced. During the year, all the members of the Committee were independent non-executive directors.

Director	Year of Appointment
David Allvey, Chairman	2002
David Edmonds	2005
Ashley Highfield	2009

The Company Secretary acts as secretary to the Committee. Other individuals attend at the request of the Committee Chairman. During the year the external auditors, Chief Executive, Group Finance Director, Head of Internal Audit and Head of Financial Planning and Control would usually attend meetings to report to the Committee and provide clarification and explanations where appropriate. The Corporate Finance Manager, Head of Information Services and Head of Security have attended meetings as requested. The Committee also meets with the external auditors without executive management present on a regular basis. The Committee met on six occasions during the year and details of attendance at committee meetings is set out on page 46.

Mr Allvey has recent and relevant financial experience. He is a chartered accountant, a former Group Finance Director of Barclays PLC and BAT Industries PLC and a former member of the UK Accounting Standards Board. Mr Edmonds and Mr Highfield are both financially literate and have significant general business experience of executive roles in both private and public organisations and details of each director's significant current and prior appointments are set out on pages 34 to 35.

Role of the Audit and Risk Management Committee

A full copy of the terms of reference for the Committee can be obtained via the website www.williamhillplc.co.uk or by request to the Company Secretary. The Committee's principal responsibilities are to:

- review and advise the Board on the Group's interim and annual financial statements, its accounting policies and to monitor the integrity of the financial statements and announcements relating to financial performance;
- review the major risks affecting the Group and assist the Board with reviewing the effectiveness of the controls operating over the Group's financial and non-financial risks;
- review the nature and scope of the work to be performed by the external and internal auditors, the result of that work and management's response, and their effectiveness;
- oversee the relationship with the external auditors including making recommendations to the Board regarding their appointment or removal and developing a policy regarding the provision of non-audit services to the Group;
- meet with the executive directors and management, as well as privately with both the external and internal auditors; and
- report to shareholders annually on its role and responsibilities.

The Chairman of the Audit and Risk Management Committee reports to the Board on the outcome of meetings.

A formalised whistle-blowing policy and procedure for staff to raise issues regarding possible improprieties in matters of financial reporting or other matters has been established and was reviewed during the year. It is the responsibility of the Committee to monitor its effectiveness and any notifications made.

The Committee has access to the services of the Internal Audit and Company Secretarial departments and is authorised to obtain independent professional advice if it considers it necessary.

Main activities during 2010

The Committee has discharged its responsibilities during the year by performing the following activities.

Financial statements

During the year, the Committee reviewed and discussed the financial disclosures made in the Final Results announcement, Annual Report and Accounts, Interim Statement and the other trading statements made by the Group together with any related management letters, letters of representation and reports from the external auditors. Significant financial reporting issues and judgments were considered together with any significant accounting policies and changes proposed to them.

Internal control and risk management

The Committee has reviewed the Group's internal control and risk management systems and has received reports from a number of departments, and, where appropriate, presentations from senior management, on the major risks faced by the Group and the procedures established to identify, assess, manage, monitor and report on these risks. The Committee has reviewed and approved the statements on internal controls on page 49.

External auditors

The Committee has responsibility for overseeing the relationship with the external auditors and approves the external auditors' engagement letter, audit fee and audit and client services plan (including the planned levels of materiality). The external auditors attend each committee meeting and at least annually meet with the Committee without executive management. The Chairman of the Committee also meets privately with the external auditors. Letters of representation are reviewed prior to signature by executive management.

During the year, the Committee received regular reports from the external auditors including: a formal written report dealing with the audit objectives; the auditors' qualifications, expertise and resources; effectiveness of the audit process; procedures and policies for maintaining independence; and compliance with the ethical standards issued by the Auditing Practices Board. The external auditors' management letter is reviewed, as is management's response to issues raised. The Committee monitors the ethical guidance regarding rotation of audit partners and a change in audit partner was made during 2009 when the audit partner was rotated off the audit in accordance with the latest guidance. The new audit partner was appointed following interviews with the Committee Chairman and the Group Finance Director and subsequent approval by the Committee.

During the year, the Committee reviewed the Group's written policy regarding the employment by the Group of former employees of the external auditors and the policy on non-audit services provided by the external auditors. The Committee approves any non-audit work to be undertaken by the external auditors involving fees in excess of £25,000. Where no Committee meeting is scheduled within an appropriate time frame, approval is sought from the Committee Chairman and subsequently ratified at the next meeting. All non-audit services provided by the external auditors are reported to the Committee at its next scheduled meeting. The external auditors are excluded from performing any day-to-day accountancy work for the Group. The policy also sets out the criteria to be followed when considering whether external auditors should be engaged to undertake non-audit services with the aim of safeguarding the external auditors' objectivity and independence.

The Committee is satisfied with the performance of the external auditors during the year, and the policies and procedures in place to maintain their objectivity and independence, and has recommended that they be re-appointed at the forthcoming Annual General Meeting.

Internal Audit

The Committee approves the annual audit plan and internal audit methodology for the Internal Audit department and monitors progress against the plan during the year. Audit reports are circulated to the Committee members after each audit and the Committee monitors progress against actions identified in these reports and the external auditors' management letter.

The Internal Audit department acts under agreed terms of reference and the Committee has established a number of procedures to monitor and review the Internal Audit department's effectiveness using guidance from a self-assessment questionnaire prepared by Internal Audit, feedback from senior management and a review of the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing. The Committee also assesses annually the resources the department has to complete its remit. The Committee reviews the effectiveness of the Internal Audit Department on an annual basis. The Internal Audit department has unrestricted access to all Group documentation, premises, functions and employees as required to enable it to perform its functions. The appointment and removal of the Head of Internal Audit is the responsibility of the Committee. The Head of Internal Audit has direct access to the Board and Committee Chairmen and is accountable to the Committee. The Head of Internal Audit meets regularly with the Committee Chairman without executive management.

Other activities

During the year other significant activities addressed by the Committee were as follows:

- Review of Playtech migration;
- A review of bet capture and settlement;
- 2010 affiliates management;
- 2010 pension fund management;
- 2010 Online security programme;
- William Hill Online tax compliance;
- William Hill Online payment processing;
- William Hill Online high level controls.

Regular updates are provided to the Committee on developments in financial reporting and risk management and related legal and corporate governance matters.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the directors are required to:

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

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By the order of the Board

R J Topping	N Cooper
25 February 2011	25 February 2011

To the members of William Hill PLC

We have audited the Group financial statements of William Hill PLC for the 52 weeks ended 28 December 2010, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Statement of Group Accounting Policies and the related notes 1 to 39. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion of financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 28 December 2010 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing rules we are required to review:

- the directors' statement contained within the Directors' Report in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Other matter

We have reported separately on the Parent Company financial statements of William Hill Plc for the 52 week period ended 28 December 2010.

Robert Matthews (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Registered Auditor
London
United Kingdom

25 February 2011

Consolidated Income Statement

for the 52 weeks ended 28 December 2010

	Notes	Before exceptional items £m	Exceptional items (note 3) £m	52 weeks ended 28 December 2010 Total £m	Before exceptional items £m	Exceptional items (note 3) £m	52 weeks ended 29 December 2009 Total £m
Continuing Operations							
Amounts wagered*	2	**16,519.8**	**–**	**16,519.8**	15,070.0	–	15,070.0
Revenue	1,2	**1,071.8**	**–**	**1,071.8**	997.9	–	997.9
Cost of sales	2	**(154.3)**	**5.6**	**(148.7)**	(158.2)	–	(158.2)
Gross profit	2	**917.5**	**5.6**	**923.1**	839.7	–	839.7
Other operating income	1	**5.3**	**–**	**5.3**	6.1	–	6.1
Other operating expenses		**(652.9)**	**(6.1)**	**(659.0)**	(592.5)	(53.2)	(645.7)
Share of results of associates and joint ventures	4	**3.3**	**–**	**3.3**	(0.3)	–	(0.3)
Profit before interest and tax	2,5	**273.2**	**(0.5)**	**272.7**	253.0	(53.2)	199.8
Investment income	7	**14.0**	**–**	**14.0**	11.0	–	11.0
Finance costs	3,8	**(67.9)**	**(25.5)**	**(93.4)**	(66.5)	(23.4)	(89.9)
Profit before tax	2	**219.3**	**(26.0)**	**193.3**	197.5	(76.6)	120.9
Tax	3,9	**(44.0)**	**6.7**	**(37.3)**	(48.5)	8.8	(39.7)
Profit for the period		**175.3**	**(19.3)**	**156.0**	149.0	(67.8)	81.2
Attributable to:							
Equity holders of the parent		**149.0**	**(19.3)**	**129.7**	128.4	(67.3)	61.1
Non-controlling interest	33	**26.3**	**–**	**26.3**	20.6	(0.5)	20.1
		175.3	**(19.3)**	**156.0**	149.0	(67.8)	81.2
Earnings per share (pence)							
Basic	11	**21.3**		**18.6**	20.1		9.5
Diluted	11	**21.1**		**18.4**	20.0		9.4

* Our definition of Amounts Wagered has been reviewed and updated this year and consequently the prior year figure has been restated from £15,489.1m. This change has had no impact on the Income Statement, Statement of Financial Position, Reserves or Earnings per Share and is set out in the Accounting Policy note.

Consolidated Statement of Comprehensive Income

for the 52 weeks ended 28 December 2010

	Notes	**52 weeks ended 28 December 2010 £m**	52 weeks ended 29 December 2009 £m
Profit for the period		**156.0**	81.2
Loss on cash flow hedges	31	**(8.4)**	(20.0)
Hedging losses transferred to income statement	31	**11.8**	21.2
Charged to income statement on de-designation	31	**14.2**	18.5
Actuarial gain/(loss) on defined benefit pension scheme	37	**6.1**	(24.2)
Exchange differences on translation of foreign operations	31	**0.6**	(0.8)
Tax on items of other comprehensive income	25	**(7.4)**	1.3
Other comprehensive income/(loss) for the period		**16.9**	(4.0)
Total comprehensive income for the period		**172.9**	77.2
Attributable to:			
Equity holders of the parent		**146.6**	57.1
Non-controlling interest	33	**26.3**	20.1
		172.9	77.2

Consolidated Statement of Changes in Equity

for the 52 weeks ended 28 December 2010

	Called-up share capital £m	Premium on ordinary shares £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
At 30 December 2009	70.2	317.3	6.8	(26.1)	(23.9)	(12.8)	412.6	744.1	12.2	756.3
Retained profit for the financial period	–	–	–	–	–	–	129.7	129.7	26.3	156.0
Other comprehensive income for the period	–	–	–	–	–	13.3	3.6	16.9	–	16.9
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**13.3**	**133.3**	**146.6**	**26.3**	**172.9**
Transfer of own shares to recipients	–	–	–	–	5.3	–	(5.0)	0.3	–	0.3
Credit recognised in respect of share remuneration	–	–	–	–	–	–	4.7	4.7	–	4.7
Tax charge in respect of share remuneration	–	–	–	–	–	–	(0.2)	(0.2)	–	(0.2)
Dividends paid (note 10)	–	–	–	–	–	–	(52.3)	(52.3)	–	(52.3)
Distributions to non-controlling interest	–	–	–	–	–	–	–	–	(27.0)	(27.0)
At 28 December 2010	**70.2**	**317.3**	**6.8**	**(26.1)**	**(18.6)**	**0.5**	**493.1**	**843.2**	**11.5**	**854.7**

	Called-up share capital £m	Premium on ordinary shares £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
At 31 December 2008	35.4	–	6.8	(26.1)	(31.1)	(26.2)	389.3	348.1	9.5	357.6
Retained profit for the financial period	–	–	–	–	–	–	61.1	61.1	20.1	81.2
Other comprehensive income for the period	–	–	–	–	–	13.4	(17.4)	(4.0)	–	(4.0)
Total comprehensive income for the period	–	–	–	–	–	13.4	43.7	57.1	20.1	77.2
Shares issued as part of rights issue	34.8	317.3	–	–	–	–	–	352.1	–	352.1
Transfer of own shares to recipients	–	–	–	–	7.2	–	(6.4)	0.8	–	0.8
Credit recognised in respect of share remuneration	–	–	–	–	–	–	5.0	5.0	–	5.0
Tax charge in respect of share remuneration	–	–	–	–	–	–	(1.5)	(1.5)	–	(1.5)
Dividends paid (note 10)	–	–	–	–	–	–	(17.5)	(17.5)	–	(17.5)
Distributions to non-controlling interest	–	–	–	–	–	–	–	–	(17.4)	(17.4)
At 29 December 2009	70.2	317.3	6.8	(26.1)	(23.9)	(12.8)	412.6	744.1	12.2	756.3

Consolidated Statement of Financial Position

as at 28 December 2010

	Notes	28 December 2010 £m	29 December 2009 £m	30 December 2008 £m
Non-current assets				
Intangible assets	12	**1,446.2**	1,446.1	1,491.5
Property, plant and equipment	13	**198.3**	197.6	209.6
Interest in associates and joint ventures	15	**9.9**	6.6	6.6
Deferred tax asset	25	**16.2**	24.1	19.6
		1,670.6	1,674.4	1,727.3
Current assets				
Inventories	16	**0.3**	0.3	0.5
Trade and other receivables	17	**47.0**	55.9	31.6
Cash and cash equivalents		**109.4**	119.8	76.5
		156.7	176.0	108.6
Total assets		**1,827.3**	1,850.4	1,835.9
Current liabilities				
Trade and other payables	18	**(148.9)**	(109.2)	(109.2)
Current tax liabilities		**(52.6)**	(57.0)	(61.1)
Borrowings	19	**(0.1)**	(375.0)	(0.8)
Derivative financial instruments	24	**(23.3)**	(11.5)	(4.5)
		(224.9)	(552.7)	(175.6)
Non-current liabilities				
Borrowings	19	**(548.4)**	(294.2)	(1,068.4)
Retirement benefit obligations	37	**(30.9)**	(43.2)	(25.9)
Derivative financial instruments	24	**(9.4)**	(36.0)	(37.0)
Deferred tax liabilities	25	**(159.0)**	(168.0)	(171.4)
		(747.7)	(541.4)	(1,302.7)
Total liabilities		**(972.6)**	(1,094.1)	(1,478.3)
Net assets		**854.7**	756.3	357.6
Equity				
Called-up share capital	26	**70.2**	70.2	35.4
Share premium account	27	**317.3**	317.3	–
Capital redemption reserve	28	**6.8**	6.8	6.8
Merger reserve	29	**(26.1)**	(26.1)	(26.1)
Own shares held	30	**(18.6)**	(23.9)	(31.1)
Hedging and translation reserves	31	**0.5**	(12.8)	(26.2)
Retained earnings	32	**493.1**	412.6	389.3
Equity attributable to equity holders of the parent		**843.2**	744.1	348.1
Non-controlling interest	33	**11.5**	12.2	9.5
Total equity		**854.7**	756.3	357.6

The financial statements of William Hill PLC, registered number 4212563, were approved by the Board of directors and authorised for issue on 25 February 2011 and are signed on its behalf by:

R J Topping

Director

N Cooper

Director

Consolidated Cash Flow Statement

for the 52 weeks ended 28 December 2010

	Notes	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Net cash from operating activities	34	**223.9**	170.4
Investing activities			
Dividend from associate	15	**–**	2.8
Interest received	7	**0.6**	1.1
Proceeds on disposal of property, plant and equipment		**2.1**	1.5
Purchases of property, plant and equipment		**(22.4)**	(22.4)
Expenditure on computer software	12	**(14.3)**	(14.1)
Investment in joint ventures	15	**–**	(3.1)
Net cash used in investing activities		**(34.0)**	(34.2)
Financing activities			
SAYE share option redemptions		**0.3**	1.4
Dividends paid	10	**(52.3)**	(17.5)
Distributions to non-controlling interests	33	**(27.0)**	(17.4)
Repayments of borrowings		**(734.1)**	(693.0)
Amounts drawn down		**619.0**	–
New finance raised from bond issue	21	**–**	297.9
Bond issue finance costs	21	**–**	(4.0)
New debt facility issue costs		**(6.2)**	(12.4)
Proceeds on issue of shares		**–**	365.3
Costs related to issue of shares		**–**	(13.2)
Net cash used in financing activities		**(200.3)**	(92.9)
Net (decrease)/increase in cash and cash equivalents in the period		**(10.4)**	43.3
Cash and cash equivalents at start of period		**119.8**	76.5
Cash and cash equivalents at end of period		**109.4**	119.8

General information

William Hill PLC is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Greenside House, 50 Station Road, London N22 7TP. The nature of the Group's operations and its principal activities are set out in the Directors' Report on page 36 and note 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out below.

Adoption of new and revised standards

In preparing the Group financial statements for the current period the Group has adopted the following new International Financial Reporting Standards (IFRS), amendments to IFRS and Financial Reporting Interpretations Committee (IFRIC) interpretations, which have not had a significant effect on the results or net assets of the Group:

IAS 1 (revised 2007)	Presentation of Financial Statements;
IAS 23 (revised)	Borrowing Costs;
IAS 27 (revised)	Consolidated and Separate Financial Statements;
IAS 28 (revised)	Investments in Associates;
IFRS 2 (revised)	Share-based Payment – Vesting Conditions and Cancellations;
IFRS 3 (revised 2008)	Business Combinations;
IFRS 8	Operating segments;
IFRIC 15	Arrangements for the Construction of Real Estate;
IFRIC 16	Hedges of a Net Investment in a Foreign Operation;
IFRIC 17	Distributions of Non-Cash Assets to Owners;
IFRIC 18	Transfers of Assets from Customers;
Improvements to IFRS 2009	

IAS 1 (revised) requires the presentation of a Statement of Changes in Equity as a primary statement, distinct from the Income Statement and Statement of Comprehensive Income. As a result, a Statement of Changes in Equity has been included as a primary statement, showing the changes in each component of equity for each period presented. In addition, the revised standard requires the presentation of a third statement of financial position and the presentation of certain notes to the financial statements has been revised accordingly.

IFRS 2 (revised) clarifies the required accounting treatment for share-based payments under SAYE schemes, with the effect that non-vesting conditions are now taken into account in estimating the fair value of equity instruments granted. There is no material difference for the current or prior period between the expense recognised under the revised standard and that recognised on the previous basis.

IFRS 3 (revised) Business Combinations, IAS 27 (revised) Consolidated and Separate Financial Statements and IAS 28 (revised) Investments in Associates (effective from 1 July 2009) also came into effect. The revisions include a greater emphasis on the use of fair value, focusing on changes in control as a significant economic event and focusing on what is given to the vendor as consideration. This amendment has not had any immediate impact on the Group's financial statements, but will affect any future Business Combinations.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive and which are used to allocate resources to the segments and to assess their performance. In contrast the predecessor Standard (IAS 14 'Segment Reporting') required the Group to identify segments using a risks and rewards approach. The Group's operating segments are reported in accordance with IFRS 8 in note 2 below.

At the date of authorisation of these Group financial statements, the following Standards and Interpretations, which have not been applied in these Group financial statements, were in issue but not yet effective:

IAS 24 (amended)	Related Party Disclosures;
IAS 32 (amended)	Classification of Rights Issues;
IFRS 9	Financial Instruments;
IFRIC 14 (amended)	Payments of a Minimum Funding Requirement;
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments; and
Improvements to IFRS 2010	

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

Basis of accounting

The Group financial statements have been prepared in accordance with IFRS. The Group financial statements have also been prepared in accordance with IFRS adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The Group financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 28 December 2010. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any discount on acquisition, i.e. where the cost of acquisition is below the fair values of the identifiable net assets acquired, is credited to the Consolidated Income Statement in the period of acquisition.

Investment in associates and joint ventures

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

A joint venture is an entity in which the Group holds an interest on a long-term basis and which is jointly controlled by the Group and one or more venturers under a contractual agreement.

The results and assets and liabilities of associates and joint ventures are incorporated in these Group financial statements using the equity method of accounting. Investments in associates and joint ventures are carried in the Consolidated Statement of Financial Position at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the entity, less any impairment in the value of individual investments. Losses of the associates and joint ventures in excess of the Group's interest in those entities are not recognised.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the entity at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the entity at the date of acquisition (i.e. discount on acquisition) is credited to the Income Statement in the period of acquisition.

Where a Group company transacts with an associate or joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant entity. Losses may provide evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to impairment testing.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable from customers and represents amounts receivable for goods and services that the Group is in business to provide, net of discounts, marketing inducements, VAT and other sales related taxes, as set out below.

In the case of the LBO (including gaming machines), telephone, online sportsbook and online casino operations (including games on the online arcade and other numbers bets), revenue represents gains and losses from betting activity in the period. Open positions are carried at fair value and gains and losses arising on this valuation are recognised in revenue, as well as gains and losses realised on positions that have closed.

Revenue from the online poker business reflects the net income ('rake') earned from poker games completed by the period end.

Amounts wagered does not represent the Group's statutory revenue and comprises the gross takings receivable from customers in respect of individual bets placed in the period for LBO (including machines), Telephone and Online sports businesses and net revenue for the period for online casinos, poker and bingo products.

In the case of the greyhound stadia, revenue represents income arising from the operation of the greyhound stadia in the period, including sales of refreshments and tote income.

Other operating income mostly represents rents receivable on properties let by the Group and is recognised on an accrued basis.

Investment income

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Fair value gains on interest rate hedges

Amounts are recognised in the income statement on a received basis in line with the terms of the 'hedge' contract.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each period end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the period end date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

In order to hedge its exposure to certain foreign exchange risks, the Group makes every effort to match its foreign currency assets and liabilities, and where necessary the Group takes out foreign currency hedges.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing at the period end date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly, in which case the spot rate for significant items is used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Finance costs

Finance costs of borrowings are recognised in the Consolidated Income Statement over the term of those borrowings at a constant rate on the carrying amount.

Profit before interest and tax

Profit before interest and tax is stated after charging exceptional operating items and after the share of results of associates and joint ventures but before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each period end date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the statement of other comprehensive income.

Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the benefits become vested. The interest cost and the expected return on assets are included in finance costs and investment income as appropriate.

The retirement benefit obligation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost plus the present value of available refunds and reductions in future contributions to the plan.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Exceptional items

Exceptional items are those items the Group considers to be non-recurring or material in nature that should be brought to the reader's attention in understanding the Group's financial performance.

Internally generated intangible assets – computer software and systems

Expenditure on initial investigation and design of computer software and systems is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's development of computer systems is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives, generally between three and ten years. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets – licences

Betting licences are recorded at cost or if arising in an acquisition at their fair value. They are judged to have an indefinite life and are accordingly not amortised but are subject to annual impairment reviews. The directors consider that the Group's licences have an indefinite life due to: the fact that the Group is a significant operator in a well established market; the proven and sustained demand for bookmaking services; and the Group's track record of successfully renewing its betting permits and licences.

Intangible assets – trade names, affiliate relationships, and non-competition agreements

Trade names, affiliate relationships, and non-competition agreements (NCA) are recorded at cost, or if arising in an acquisition, at their fair value.

Amortisation is provided on trade names, affiliate relationships and NCA at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Trade names	– five years
Affiliate relationships	– five years
Non-competition agreements	– over the life of the agreement

Property, plant and equipment

Land and buildings held for use in the supply of goods or services, or for administrative purposes, are stated in the Statement of Financial Position at their cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	– 50 years
Long leasehold properties	– 50 years
Short leasehold properties	– over the unexpired period of the lease
Fixtures, fittings and equipment and motor vehicles	– at variable rates between three and ten years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Impairment of tangible and intangible assets

At each period end date, the Group reviews the carrying amounts of its goodwill, tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows, which are based on the budgeted figures for the following period, subsequently impacted by an annual growth rate of 2.4%, are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Other than for goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories represent stocks of consumables in stores and goods for resale within the greyhound stadia. They are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Share-based payments

The Group issues equity-settled share-based payments to certain employees and operates an HMRC approved Save As You Earn (SAYE) share option scheme open to all eligible employees which allows the purchase of shares at a discount. The cost to the Group of share-based payment plans is measured at fair value at the date of grant. Fair value is expensed on a straight-line basis over the vesting period, adjusted for the Group's estimate of shares that will eventually vest.

Fair value is measured by use of the Black-Scholes-Merton pricing formula. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. Where relevant, the value of the option has also been adjusted to take into account any market conditions applicable to the option.

At each period end date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme or leave the Group. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Further descriptions of the Group's share-based payment plans are given in note 36.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits held by the Group with an original maturity of three months or less.

Trade receivables

Trade receivables do not carry any interest and are stated at their fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire.

Interest-bearing borrowings

Interest-bearing borrowings are recorded at the fair value of the proceeds received, net of discounts and direct issue costs. Finance charges, including the unwinding of any discounts, premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the income statement using the effective interest method. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. Any accrued finance costs are included in accruals and deferred income within trade and other payables.

Trade payables

Trade payables are not interest-bearing and are initially measured at their fair value, and subsequently at their amortised cost.

Derivative financial instruments and hedge accounting

The Group's activities expose it to the risks of changes in interest rates and foreign currency exchange rates. The Group uses a mixture of fixed rate borrowings and interest rate swap and collar contracts to hedge its interest rate exposure. The Group makes use of foreign currency forwards to hedge a proportion of its largest foreign currency transactional exposures. As far as possible the Group retains foreign currency cash balances equivalent to its foreign currency liabilities (client deposit accounts) to hedge its exposure to foreign currency exchange rates. The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives.

Changes in the fair value of derivative financial instruments that are designated as effective and which are effective as hedges of future cash flows are recognised directly in equity. Changes in the fair value of ineffective hedges, including the ineffective portion of effective hedges, are recognised immediately in profit or loss and are included in the income statement under finance costs. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the line of income statement relating to the hedged item, in the same period in which the hedged item affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement in the same line as the hedged item, as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement under other operating expenses.

Bets are carried at fair market value as they meet the definition of a derivative. The resulting gains and losses from bets are included in revenue. Assets or liabilities resulting from open positions are reported gross in financial assets and financial liabilities under the term 'Derivative financial instruments'.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in this Statement of Group Accounting Policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Impairment of goodwill and intangible assets with indefinite lives

Determining whether goodwill or intangible assets with indefinite lives are impaired requires an estimation of the value in use of the cash-generating units to which the goodwill or intangible assets has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Note 12 provides information on the assumptions and sensitivities used in these financial statements. Actual outcomes could vary.

Fair value of derivatives

As described in note 24, the Group uses interest rate swaps and collars to manage its exposure to interest rate movements on its bank borrowings. The directors use their judgement, supported by counterparty confirmations, in selecting appropriate valuation techniques for these financial derivatives. Assumptions are made based on quoted market rates adjusted for specific features of the instrument. Due to the economic environment, the assumptions used to determine the fair value are subject to additional volatility and may result in changes in future periods.

Retirement benefit costs

The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, mortality and expected return on scheme assets. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. Note 37 provides information on the assumptions used in these financial statements.

Valuation of antepost best liabilities

In assessing the fair value of open bet positions, the directors use their judgement in selecting appropriate valuation techniques and inputs, based upon actual experience and the profile of the bets placed. The outcomes of bets are inherently uncertain; consequently, any difference will be reflected in subsequent accounting periods.

Going concern

As highlighted in notes 21 and 22 to the financial statements, the Group meets its day to day working capital requirements from strong operational cash flow and through its cash resources. These are supplemented when required by additional drawings under the Group's bank loan facilities. The Group's funding requirements for the medium term are satisfied by the Group's £550m bank loan facilities which expire in November 2015 and its £300m corporate bond which matures in November 2016. Whilst current economic conditions create uncertainty over the level of demand for the Group's products the Group's strategic forecasts, based on reasonable and prudent assumptions, indicate that the Group should be able to operate within the level of its currently available debt facilities. After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

1. Revenue

An analysis of the Group's revenue is as follows:

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Rendering of services and revenue as disclosed in the Consolidated Income Statement	**1,071.8**	997.9
Other operating income	**5.3**	6.1
Interest on bank deposits	**0.6**	1.1
Total revenue as defined in IAS 18	**1,077.7**	1,005.1

2. Segment information

The Board has reviewed and confirmed the Group's reportable operating segments in line with the new guidance provided by IFRS 8 'Operating Segments'. The segments disclosed below are aligned with the reports the Board and the Group's Chief Executive review to make strategic decisions. The segments identified in accordance with IFRS 8 are consistent with those previously disclosed under IAS 14 'Segment Reporting'.

The Retail distribution channel comprises all activity undertaken in LBOs including gaming machines. The Online segment comprises all activity undertaken online including an online sportsbook, online casino, online poker sites and other gaming products. The Telephone segment comprises the Group's telephone betting services including telephone bet capture positions at its call centres presently in Leeds and Sheffield. Other activities include on-course betting and greyhound stadia operations.

Segment information for the 52 weeks ended 28 December 2010 is as follows:

	Retail £m	Online £m	Telephone £m	Other £m	Corporate £m	Group £m
Amounts wagered	14,763.0	1,272.7	457.6	26.5	–	16,519.8
Payout	(13,979.9)	(1,021.2)	(427.3)	(19.6)	–	(15,448.0)
Revenue	**783.1**	**251.5**	**30.3**	**6.9**	**–**	**1,071.8**
GPT, duty, levies and other cost of sales	(127.0)	(18.7)	(7.7)	(0.9)	–	(154.3)
Gross profit	656.1	232.8	22.6	6.0	–	917.5
Depreciation	(24.1)	(0.6)	–	(0.3)	(1.9)	(26.9)
Amortisation[1]	(3.2)	(10.3)	(0.7)	–	–	(14.2)
Other administrative expenses	(424.3)	(134.4)	(21.0)	(5.6)	(21.2)	(606.5)
Share of result of associate and joint ventures	–	–	–	–	3.3	3.3
Exceptional operating items	5.6	–	(6.1)	–	–	(0.5)
Segment profit/(loss) before interest and tax	**210.1**	**87.5**	**(5.2)**	**0.1**	**(19.8)**	**272.7**
Non-operating exceptional items					(25.5)	(25.5)
Investment income					14.0	14.0
Finance costs					(67.9)	(67.9)
Profit before tax					**(99.2)**	**193.3**

[1] Included within amortisation for the online segment is £3.6m of amortised intangible assets relating to trade names and affiliate relationships arising from the acquisition of Playtech assets and which is added back to arrive at the Group's non-statutory operating profit measure of £276.8m.

2. Segment information (continued)

	Retail £m	Online £m	Telephone £m	Other £m	Corporate £m	Group £m
Statement of Financial Position information						
Total segment assets	1,385.1	290.0	61.6	13.8	60.6	1,811.1
Total segment liabilities	(54.1)	(61.1)	(14.4)	(0.3)	(652.1)	(782.0)
Investment in associates and joint ventures	–	–	–	–	9.9	9.9
Capital additions	26.2	14.0	2.4	–	0.8	43.4
Included within Total assets:						
Goodwill	681.0	183.9	45.6	7.1	–	917.6
Other intangibles with indefinite lives	484.6	–	–	–	–	484.6

Segment information for the 52 weeks ended 29 December 2009:

	Retail £m	Online £m	Telephone £m	Other £m	Corporate £m	Group £m
Amounts wagered	13,670.2	862.7	507.7	29.4	–	15,070.0
Payout	(12,912.7)	(659.2)	(478.0)	(22.2)	–	(14,072.1)
Revenue	**757.5**	**203.5**	**29.7**	**7.2**	**–**	**997.9**
GPT, duty, levies and other cost of sales	(125.7)	(24.7)	(7.0)	(0.8)	–	(158.2)
Gross profit	631.8	178.8	22.7	6.4	–	839.7
Depreciation	(23.7)	(0.7)	(1.2)	(0.3)	(1.3)	(27.2)
Amortisation	(2.1)	(11.3)	(0.8)	–	–	(14.2)
Other administrative expenses	(403.3)	(97.9)	(22.5)	(5.5)	(15.8)	(545.0)
Share of result of associate and joint ventures	–	–	–	–	(0.3)	(0.3)
Exceptional operating items	(8.2)	(10.2)	(34.8)	–	–	(53.2)
Segment profit/(loss) before interest and tax	**194.5**	**58.7**	**(36.6)**	**0.6**	**(17.4)**	**199.8**
Non-operating exceptional items					(23.4)	(23.4)
Investment income					11.0	11.0
Finance costs					(66.5)	(66.5)
Profit before tax					**(96.3)**	**120.9**
Statement of Financial Position information						
Total segment assets	1,383.5	289.7	61.5	14.9	76.7	1,826.3
Total segment liabilities	(38.7)	(51.2)	(9.2)	(0.2)	(789.8)	(889.1)
Investment in associates and joint ventures	–	–	–	–	6.6	6.6
Capital additions	14.4	14.0	2.3	–	4.0	34.7
Included within Total assets:						
Goodwill	681.0	183.9	45.6	7.1	–	917.6
Other intangibles with indefinite lives	484.6	–	–	–	–	484.6

2. Segment information (continued)

Net assets/(liabilities) have been allocated by segment where assets and liabilities can be identified with a particular channel. Corporate net assets include corporation and deferred tax, net borrowings, and pension liability as well as any assets and liabilities that cannot be allocated to a particular channel other than on an arbitrary basis.

There are no inter-segmental sales within the Group.

Revenues and non-current assets by geographical area are as follows:

	Revenues		Non-current assets	
	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m	**52 weeks ended 28 December 2010 £m**	52 weeks ended 29 December 2009 £m
United Kingdom	**997.8**	913.6	**1,631.1**	1,641.6
Rest of the World	**74.0**	84.3	**39.5**	32.8
	1,071.8	997.9	**1,670.6**	1,674.4

The revenue information is based on the location of the customer. Non-current asset information is based on physical location (for tangible assets) or primary operating location of the Company using the asset (for intangible assets), with the exception of goodwill, which arises on consolidation and is recognised in the UK.

The reconciliation of segment liabilities to the Consolidated Statement of Financial Position is as follows:

	Assets		Liabilities	
	28 December 2010 £m	29 December 2009 £m	**28 December 2010 £m**	29 December 2009 £m
Total segment assets/(liabilities)	**1,811.1**	1,826.3	**(782.0)**	(889.1)
Corporation tax assets/(liabilities)	**–**	–	**(31.6)**	(37.0)
Deferred tax assets/(liabilities)	**16.2**	24.1	**(159.0)**	(168.0)
Total assets/(liabilities)	**1,827.3**	1,850.4	**(972.6)**	(1,094.1)

3. Exceptional items

Exceptional items are those items the Group considers to be non-recurring or material in nature that should be brought to the reader's attention in understanding the Group's financial performance. Exceptional items are as follows:

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Operating		
Integration costs in respect of William Hill Online[1]	**–**	(10.2)
Telephone business goodwill write off[2]	**–**	(34.8)
Impairment of assets within Willstan Racing (Ireland) Limited[3]	**–**	(8.2)
VAT refund[4]	**5.6**	–
Restructure of Telebetting operation[5]	**(6.1)**	–
	(0.5)	(53.2)
Non-operating		
Fair value loss on hedging arrangements[6]	**(4.1)**	(20.5)
Transfer to income statement on de-designation of hedges[7]	**(14.2)**	–
Costs in respect of re-financing[8]	**(7.2)**	(1.2)
Costs in respect of rights issue	**–**	(1.7)
	(25.5)	(23.4)
Total exceptional items	**(26.0)**	(76.6)

3. Exceptional items (continued)

The tax impact of exceptional items is as follows:

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Integration costs in respect of William Hill Online[1]	–	2.4
Deferred tax relief on Irish assets write off[3]	–	0.4
Tax on VAT refund[4]	(1.6)	–
Tax credit in respect of Telebetting operation restructure[5]	1.1	–
Tax credit in respect of fair value loss on hedging arrangements[6]	1.1	5.7
Tax credit in respect of transfer to income statement on de-designation[7]	4.0	–
Tax credit in respect of finance costs[8]	2.1	0.3
	6.7	8.8

1 No costs were incurred during 2010 for integration costs in relation to the WH Online transaction (2009: £10.2m, including a £1.4m software write-down).

2 In 2009, following a review of the carrying value of goodwill in line with the requirements of IAS 36, the directors wrote down the carrying value of goodwill in the Telephone division by £34.8m.

3 In 2009, following a review of the carrying value of goodwill in line with the requirements of IAS 36, the directors wrote down the carrying value of goodwill in the Republic of Ireland LBOs by £6.8m and also wrote down fixed assets in the Republic of Ireland LBOs by £1.4m.

4 During 2010, the Group recognised £5.6m in respect of a VAT reclaim received in the period; this arose following a favourable High Court judgement. The reclaim concerned overpaid VAT on the Group's gaming machines during this and previous periods. Due to the size and nature of the amount, it was decided to disclose the item as exceptional. Whilst this refund has been received from HMRC, it remains subject to an appeal by HMRC, which if successful, could result in full repayment of these amounts, although the directors consider this unlikely.

5 During 2010, the Group's Telebetting operation was restructured. Costs in relation to the restructure were £6.1m. This restructure was completed in February 2011.

6 In 2010, the Group incurred £4.1m of valuation losses on ineffective swaps and collars, following adverse movements in the forward interest rate curve between the start of the year and the cessation of hedge accounting.

7 On 2 December 2010, the Group settled its existing loan facility in favour of a new facility (see note 21) and as a result none of the pre-existing collars and swaps were deemed effective. Hedge accounting has therefore been discontinued and the deferred portion of gains and losses in reserves has been reclassified to the income statement as an exceptional expense; £14.2m in total.

8 On 2 December 2010, the Group settled its existing loan facility early and, as a result, wrote off £7.2m in finance fees.

4. Share of results of associates and joint ventures

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Share of profit after taxation in associated undertakings	3.3	2.8
Share of loss after taxation in joint ventures	–	(3.1)
	3.3	(0.3)

The above represents the Group's share of the profit of Satellite Information Services (Holdings) Limited (SIS) and, for 2009, the Group's joint ventures in Spain and Italy with Codere, further details of which are given in note 15.

5. Profit before interest and tax

Profit before interest and tax has been arrived at after charging/(crediting):

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Net foreign exchange losses/(gains)	**0.4**	(0.8)
(Gain)/loss on disposal of property, plant and equipment	**(0.6)**	1.0
Staff costs	**297.3**	276.5
Depreciation of property, plant and equipment (note 13)	**26.9**	27.2
Amortisation of software and trade names (note 12)	**14.2**	14.2

In accordance with Statutory Instrument 2005 No.2417, fees payable to Deloitte LLP and their associates are shown below:

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**0.2**	0.2
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries, pursuant to legislation	**0.1**	0.2
Tax services	**0.8**	0.1
Corporate finance services	**0.3**	0.2
Other services	**–**	0.5
Total fees payable to Deloitte LLP	**1.4**	1.2

Deloitte LLP does not provide services for the Group's pension schemes.

The audit fees payable to Deloitte LLP are reviewed by the Audit Committee to ensure such fees are competitive. The Committee sets the policy for awarding non-audit work to the auditor and reviews the nature and extent of such work and related fees in order to ensure that independence is maintained. The fees disclosed above consolidate all payments made to Deloitte LLP by the Company and its subsidiaries.

6. Staff costs

The average monthly number of persons employed, including directors, during the period was 16,935 (52 weeks ended 29 December 2009: 16,608) all of whom are engaged in the administration and provision of betting and gaming services and the operation of stadia. Their aggregate remuneration comprised:

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Wages and salaries	**262.9**	240.9
Social security costs	**19.9**	19.8
Other pension net costs	**3.2**	35.0
	286.0	295.7
Share-based remuneration (inclusive of NIC provisions)	**5.2**	5.0
	291.2	300.7

Included in Other pension net costs is £6.1m relating to actuarial gains (52 weeks ended 29 December 2009: £24.2m losses), which has been credited to other comprehensive income.

7. Investment income

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Interest on bank deposits	**0.6**	1.1
Expected return on pension scheme assets (note 37)	**13.4**	9.9
	14.0	11.0

8. Finance costs

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Interest payable and similar charges:		
Bank loans and overdrafts	**35.1**	31.0
Amortisation of finance costs	**5.7**	1.6
Fair value losses on interest rate swaps and collars transferred from equity for cash flow hedges of floating rate debt (see note 31)	**11.8**	21.2
Net interest payable	**52.6**	53.8
Interest on pension scheme liabilities (note 37)	**15.3**	12.7
	67.9	66.5

9. Tax on profit on ordinary activities

The tax charge comprises:

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Current tax:		
UK corporation tax	**50.6**	49.9
Overseas tax	**0.7**	2.0
Adjustment in respect of prior periods	**(5.3)**	(4.1)
Total current tax charge	**46.0**	47.8
Deferred tax:		
Origination and reversal of timing differences	**(2.0)**	(9.9)
Impact from changes in statutory tax rates	**(6.0)**	(2.3)
Adjustment in respect of prior periods	**(0.7)**	4.1
Total deferred credit	**(8.7)**	(8.1)
Total tax on profit on ordinary activities	**37.3**	39.7

The effective tax rate in respect of ordinary activities before exceptional items is 20.1% (52 weeks ended 29 December 2009: 24.6%). The effective tax rate in respect of ordinary activities after exceptional items was 19.3% (52 weeks ended 29 December 2009: 32.8%). The current period's charge excluding exceptional items is lower than the statutory rate of 28.0% mainly due to a lower effective tax rate on the income of William Hill Online (defined on page 13), a deferred tax credit resulting from the enacted reduction in the UK corporation tax rate to 27% and adjustments in respect of prior periods. The differences between the total current tax shown above, and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	52 weeks ended 28 December 2010		52 weeks ended 29 December 2009	
	£m	**%**	£m	%
Profit before tax	**193.3**		120.9	
Tax on Group profit at standard UK corporation tax rate of 28% (2009: 28%)	**54.1**	**28.0**	33.9	28.0
Impact of changes in statutory tax rates	**(6.0)**	**(3.1)**	(2.3)	(1.9)
Lower effective tax rate of William Hill Online	**(7.1)**	**(3.7)**	(5.4)	(4.5)
Tax on share of results of associates	**(0.9)**	**(0.5)**	–	–
Adjustment in respect of prior periods	**(6.0)**	**(3.1)**	–	–
Permanent differences – non deductible expenditure	**3.2**	**1.7**	13.5	11.2
Total tax charge	**37.3**	**19.3**	39.7	32.8

The Group earns its profits primarily in the UK and therefore the tax rate used for tax on Group profit for the purposes of this analysis is the standard rate for UK corporation tax.

The UK government has announced its intention to reduce the UK corporation tax rate from 28.0% to 24.0%, lowering the rate by 1% per annum over four years. The first reduction, from 28% to 27%, was enacted in the period and will be effective from 1 April 2011 for current tax purposes, but was applied to deferred tax on enactment. The impact of these proposed rate changes from 27% to 24% would be to reduce the net UK deferred tax liabilities in the Statement of Financial Position from £141.1m to £125.7m if they were all to reverse at 24.0%.

10. Dividends proposed and paid

	52 weeks ended 28 December 2010 Per share	52 weeks ended 29 December 2009 Per share	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Equity shares:				
– current period interim dividend paid	2.5p	2.5p	17.5	17.5
– prior period final dividend paid	5.0p	–	34.8	–
	7.5p	2.5p	52.3	17.5
Proposed dividend	5.8p	5.0p	40.5	34.9

The proposed final dividend of 5.8p will, subject to shareholder approval, be paid on 9 June 2011 to all shareholders on the register on 6 May 2011. In line with the requirements of IAS 10 – 'Events after the Reporting Period', this dividend has not been recognised within these results.

Under an agreement signed in November 2002, The William Hill Holdings 2001 Employee Benefit Trust agreed to waive all dividends. Details of shares held by the William Hill Holdings 2001 Employee Benefit Trust and in treasury are given in note 30. The Company estimates that 698.1 million shares will qualify for the final dividend.

11. Earnings per share

The earnings per share figures for the respective periods are as follows:

	52 weeks ended 28 December 2010			52 weeks ended 29 December 2009		
	Basic	Potentially dilutive share options	Diluted	Basic	Potentially dilutive share options	Diluted
Profit after tax attributable to equity holders of the parent for the financial period £m	129.7	–	129.7	61.1	–	61.1
Exceptional items (note 3) £m	26.0	–	26.0	76.6	–	76.6
Exceptional items – tax charge (note 3) £m	(6.7)	–	(6.7)	(8.8)	–	(8.8)
Amortisation of intangibles £m	2.6	–	2.6	4.0	–	4.0
Non-controlling interest share of exceptional £m	–	–	–	(0.5)	–	(0.5)
Profit after tax for the financial period before exceptional items £m	151.6	–	151.6	132.4	–	132.4
Weighted average number of shares (million)	697.9	6.5	704.4	641.3	5.8	647.1
Earnings per share (pence)	18.6	(0.2)	18.4	9.5	(0.1)	9.4
Amortisation adjustment (pence)	0.4	–	0.4	0.5	–	0.5
Exceptional adjustment (pence)	2.7	–	2.7	10.6	–	10.6
Earnings per share – adjusted (pence)	21.7	(0.2)	21.5	20.6	(0.1)	20.5
Earnings per share – before exceptional items (pence)	21.3	(0.2)	21.1	20.1	(0.1)	20.0

An adjusted earnings per share, based on profit for the prior period before exceptional items, has been presented in order to highlight the underlying performance of the Group.

The basic weighted average number of shares excludes shares held by The William Hill Holdings 2001 Employee Benefit Trust and those shares held in treasury as such shares do not qualify for dividends. The effect of this was to reduce the average number of shares by 3.8 million in the 52 weeks ended 28 December 2010 (52 weeks ended 29 December 2009: 4.5 million).

12. Intangible assets

	Goodwill £m	Licence value £m	Trade names, affiliate relationships and NCA[1] £m	Computer software £m	Total £m
Cost:					
At 31 December 2008	959.2	484.3	19.9	43.4	1,506.8
Additions	–	–	–	14.1	14.1
Reclassification of work in progress	–	0.3	–	–	0.3
At 29 December 2009	959.2	484.6	19.9	57.5	1,521.2
Additions	–	–	–	14.3	14.3
At 28 December 2010	959.2	484.6	19.9	71.8	1,535.5
Accumulated amortisation:					
At 31 December 2008	–	–	–	15.3	15.3
Charge for the period	–	–	5.5	8.7	14.2
Impairment of assets	41.6	–	–	4.0	45.6
At 29 December 2009	41.6	–	5.5	28.0	75.1
Charge for the period	–	–	3.6	10.6	14.2
At 28 December 2010	41.6	–	9.1	38.6	89.3
Net book value:					
At 28 December 2010	**917.6**	**484.6**	**10.8**	**33.2**	**1,446.2**
At 29 December 2009	917.6	484.6	14.4	29.5	1,446.1
At 30 December 2008	959.2	484.3	19.9	28.1	1,491.5

[1] NCAs are defined as Non-competition agreements.

The amortisation period for the Group's computer software is between three and ten years. The use of a ten-year life in respect of some of the software is supported by warranties written into the relevant software supply contract.

Licences are judged to have an indefinite life and are accordingly not amortised but are subject to annual impairment reviews. The directors consider that the Group's licences have an indefinite life due to: the fact that the Group is a significant operator in a well established market; the proven and sustained demand for bookmaking services; and the Group's track record of successfully renewing its betting permits and licences.

As stated in the Statement of Group Accounting Policies, the Group performs an annual impairment review for goodwill and other intangible assets with indefinite lives, by comparing the carrying amount of these assets with their recoverable amount. Testing is carried out by allocating the carrying value of these assets to groups of cash generating units (CGUs). The recoverable amounts of the CGUs are determined by value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates, and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The Group prepares cash flow forecasts derived from the following period's budget to EBIT for each CGU. The budgets used have been approved by management. These cash flows are then extrapolated by a growth rate, approximating the long-term economic growth rate.

The discount rate applied in 2010 to the future cash flows of the CGU was 11.4% (2009: 12.2%) and cash flows beyond the budget period are extrapolated using a 2.4% growth rate (2009: 2.4%). The growth rate is estimated on the basis of real GDP growth in the UK over the last 60 years.

12. Intangible assets (continued)

A summary of impairment losses by cash generating unit is provided below.

Cash-generating unit	Reportable segment	**Impairment losses 2010 £m**	Impairment losses 2009 £m
Retail	Retail	**–**	–
Retail Republic of Ireland	Retail	**–**	8.2
Online	Online	**–**	–
Telephone	Telephone	**–**	34.8
Stadia	Other	**–**	–
		–	43.0

A summary of the excess of carrying value over the estimated recoverable amounts, using the assumptions described above are set out below.

Cash-generating unit	Reportable segment	Segment tangible and intangible assets £m	Excess of estimated recoverable amount over carrying value £m
Retail	Retail	1,348.9	452.1
Retail Republic of Ireland	Retail	–	–
Online*	Online	233.3	490.3
Telephone	Telephone	48.9	5.1
Stadia	Other	13.4	0.8
		1,644.5	**948.3**

* William Hill Share only.

Sensitivity analysis

The estimated recoverable amounts in Telephone and Stadia closely approximated the carrying value and, consequently, any adverse change in key assumptions would, in isolation, cause an impairment loss to be recognised.

A 20% fall in projected segment profit across all segments (with all other assumptions remaining constant) would result in write-downs of approximately £6.1m in the Telephone segment and £2.1m in the Stadia segment. All other CGUs would be unaffected.

A 1% increase in the discount rate across all segments (with all other assumptions remaining constant) would result in write-downs of approximately £0.4m in Telephone and £0.7m in Stadia. All other CGUs would be unaffected.

13. Property, plant and equipment

	Land and buildings £m	Fixtures, fittings and equipment £m	Motor vehicles £m	Total £m
Cost:				
At 31 December 2008	279.8	131.4	5.6	416.8
Additions	14.1	5.8	0.7	20.6
Reclassification of computer software	–	(0.3)	–	(0.3)
Disposals	(8.6)	–	(4.4)	(13.0)
At 29 December 2009	285.3	136.9	1.9	424.1
Additions	24.0	5.1	–	29.1
Disposals	(3.9)	–	(1.6)	(5.5)
At 28 December 2010	305.4	142.0	0.3	447.7
Accumulated depreciation:				
At 31 December 2008	102.6	101.3	3.3	207.2
Charge for the period	18.9	7.1	1.2	27.2
Impairment of assets	0.7	0.7	–	1.4
Disposals	(6.5)	(0.1)	(2.7)	(9.3)
At 29 December 2009	115.7	109.0	1.8	226.5
Charge for the period	19.3	7.5	0.1	26.9
Disposals	(2.4)	–	(1.6)	(4.0)
At 28 December 2010	132.6	116.5	0.3	249.4
Net book value:				
At 28 December 2010	**172.8**	**25.5**	**–**	**198.3**
At 29 December 2009	169.6	27.9	0.1	197.6
At 30 December 2008	177.2	30.1	2.3	209.6

13. Property, plant and equipment (continued)

The net book value of land and buildings comprises:

	28 December 2010 £m	29 December 2009 £m	30 December 2008 £m
Freehold	**40.2**	41.1	42.7
Long leasehold	**7.8**	7.9	8.5
Short leasehold	**124.8**	120.6	126.0
	172.8	169.6	177.2

Out of the total net book value of land and buildings, £2.3m (29 December 2009: £2.4m) relates to administrative buildings and the remainder represents licensed betting offices. The gross value of assets on which depreciation is not provided amounts to £6.0m representing freehold land (29 December 2009: £6.1m).

The carrying amount of the Group's fixtures, fittings and equipment includes an amount of £0.4m (29 December 2009: £0.5m) in respect of assets held under finance leases.

At 28 December 2010, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £13.4m (29 December 2009: £7.0m).

14. Subsidiaries

The principal subsidiaries of the Company, their country of incorporation, ownership of their share capital and the nature of their trade are listed below:

	Country of incorporation	Proportion of all classes of issued share capital owned by the Company	Nature of trade
Directly owned:			
William Hill Holdings Limited	Great Britain	100%	Holding company
Held through intermediate companies:			
William Hill Investments Limited	Great Britain	100%	Holding company
Will Hill Limited	Great Britain	100%	Holding company
William Hill Organization Limited	Great Britain	100%	Retail betting and gaming machines
William Hill Credit Limited	Great Britain	100%	Telephone betting
Willstan Racing (Ireland) Limited	Republic of Ireland	100%	Retail betting
Willstan Limited	Northern Ireland	100%	Retail betting and gaming machines
BJ O'Connor Limited	Jersey	100%	Retail betting and gaming machines
Willstan (IOM) Limited	Isle Of Man	100%	Retail betting and gaming machines
The Regal Sunderland Stadium Limited	Great Britain	100%	Stadium operation
Team Greyhounds (Brough Park) Limited	Great Britain	100%	Stadium operation
WHG Trading Limited	Gibraltar	71%	Online betting and gaming
WHG (International) Limited	Gibraltar	71%	Online betting and gaming
William Hill (Malta) Limited	Malta	71%	Online betting and gaming
Eurotech Services Limited	Bulgaria	71%	Customer services
Cellpoint Investments Limited	Cyprus	71%	Holding company
Ad-gency Limited	Israel	71%	Marketing services

The proportion of voting rights held is the same as the proportion of shares held.

15. Interests in associates and joint ventures

The Group uses the equity method of accounting for associates and joint ventures. The following table shows the aggregate movement in the Group's investment in associates and joint ventures.

	Joint ventures £m	Associate £m	Total £m
At 31 December 2008	–	6.6	6.6
Additions	3.1	–	3.1
Share of (loss)/profit before interest and taxation	(3.1)	4.1	1.0
Share of interest	–	(0.3)	(0.3)
Share of taxation	–	(1.0)	(1.0)
Dividend received	–	(2.8)	(2.8)
At 29 December 2009	–	6.6	6.6
Share of profit before interest and taxation	–	5.0	5.0
Share of interest	–	(0.6)	(0.6)
Share of taxation	–	(1.1)	(1.1)
At 28 December 2010	**–**	**9.9**	**9.9**

Associates

At 28 December 2010, William Hill Organization Limited, a principal subsidiary of the Company, held an investment of 19.5% (29 December 2009: 19.5%) of the ordinary share capital of Satellite Information Services (Holdings) Limited (SIS), a company incorporated in Great Britain. The Group is able to exert significant influence over SIS, by way of its 19.5% holding and seat on the Board of directors.

The SIS group of companies provides real time pre-event information and results, as well as live coverage of horseracing, greyhound racing and certain numbers draws, via satellite. The statutory financial statements of SIS are prepared to the year ending 31 March. The consolidated figures above are based on management accounts for the calendar year 2010.

Goodwill relating to the acquisition of shares in SIS of £24m was fully provided against in 1999 to recognise an impairment in the carrying value. The following financial information relates to SIS:

	28 December 2010 £m	29 December 2009 £m	30 December 2008 £m
Total assets	**165.6**	101.9	103.7
Total liabilities	**(113.8)**	(54.4)	(69.9)
Total revenue	**281.3**	209.4	188.0
Total profit after tax	**16.7**	17.5	15.1

William Hill Organization Limited also holds directly or indirectly 33% of the entire share capital of Lucky Choice Limited and of 49's Limited. These companies were formed for the purpose of promoting and publicising certain numbers betting formats. In the opinion of the directors, the results of these companies are not material to the results of the Group. Consequently, the investments have been stated at cost and have not been accounted for under the equity method, which would normally be appropriate for an associated undertaking.

Joint ventures

On 20 January 2010, Codere completed the purchase of William Hill's 50% stake in Victoria Apuestas joint venture for the sum of one euro. Following this transaction, the Group no longer has any joint venture arrangements.

16. Inventories

	28 December 2010 £m	29 December 2009 £m	30 December 2008 £m
Raw materials, consumables and bar stocks	**0.3**	0.3	0.5

17. Other financial assets

Trade and other receivables

Trade and other receivables comprise:

	28 December 2010 £m	29 December 2009 £m	30 December 2008 £m
Trade debtors	**4.2**	3.6	3.1
Other debtors	**10.0**	8.3	1.4
Prepayments	**32.8**	44.0	27.1
	47.0	55.9	31.6

Trade receivables are stated at their fair value as reduced by appropriate allowances for estimated irrecoverable amounts. During the course of the current and previous financial period, there have been no material bad debt expenses, with no material bad debt provision in existence.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits held by the Group with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

18. Trade and other payables

Trade and other payables comprise:

	28 December 2010 £m	29 December 2009 £m	30 December 2008 £m
Trade creditors	**59.1**	51.6	37.6
Other creditors	**8.1**	7.4	4.9
Accruals and deferred income	**81.7**	50.2	66.7
	148.9	109.2	109.2

The average credit period taken for trade purchases is 17 days (period ended 29 December 2009: 20 days).

The directors consider that the carrying amount of trade payables approximates to their fair value.

Included in trade creditors is an amount of £43.4m (29 December 2009: £35.0m) in respect of amounts due to clients, representing deposits received and customer winnings. This is offset by an equivalent amount of client funds held, which is included in cash and cash equivalents.

19. Borrowings

	28 December 2010 £m	29 December 2009 £m	30 December 2008 £m
Due in less than one year:			
Obligations under finance leases (note 20)	**0.1**	0.2	0.8
Bank loans (note 21)	**–**	374.8	–
	0.1	375.0	0.8
Due in more than one year:			
Obligations under finance leases (note 20)	**0.3**	0.3	0.4
Bank loans (note 21)	**253.5**	–	1,068.0
High yield bond (note 21)	**294.6**	293.9	–
	548.4	294.2	1,068.4
Total borrowings	**548.5**	669.2	1,069.2

20. Obligations under finance leases

Future minimum lease payments under finance leases, together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments			Present value of minimum lease payments		
	28 December 2010 £m	29 December 2009 £m	30 December 2008 £m	**28 December 2010 £m**	29 December 2009 £m	30 December 2008 £m
Amounts payable under finance leases:						
Within one year	**0.1**	0.2	0.8	**0.1**	0.2	0.8
In the second to fifth years inclusive	**0.3**	0.3	0.5	**0.3**	0.3	0.4
After five years	**–**	–	–	**–**	–	–
	0.4	0.5	1.3	**0.4**	0.5	1.2
Less: future finance charges	**–**	–	(0.1)	**–**	–	–
Present value of lease obligations	**0.4**	0.5	1.2	**0.4**	0.5	1.2
Less: amounts due within one year	**(0.1)**	(0.2)	(0.8)	**(0.1)**	(0.2)	(0.8)
Amounts due after more than one year	**0.3**	0.3	0.4	**0.3**	0.3	0.4

The Group has finance leases for various items of plant, equipment, fixtures and fittings. The interest rate inherent in the leases is fixed at the contract date for all of the lease term. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The average effective interest rate contracted approximates 1% (52 weeks ended 29 December 2009: 4.6%) per annum.

The fair value of the Group's lease obligations approximates to their carrying value.

21. Bank loans and other borrowings

	28 December 2010 £m	29 December 2009 £m	30 December 2008 £m
Borrowings at amortised cost			
Bank loans	**260.0**	375.0	1,070.0
£300m 7.125% Guaranteed Notes due 2016	**300.0**	300.0	–
	560.0	675.0	1,070.0
The borrowings are repayable as follows:			
Amounts due for settlement within one year	**–**	375.0	–
In the second year	**–**	–	820.0
In the third to fifth years inclusive	**260.0**	–	250.0
After more than five years	**300.0**	300.0	–
	560.0	675.0	1,070.0
Less: expenses relating to bank loans	**(6.5)**	(0.2)	(2.0)
Less: discount on £300m 7.125% Guaranteed Notes due 2016 issued for £297.9m	**(1.8)**	(2.1)	–
Less: expenses relating to £300m 7.125% Guaranteed Notes due 2016	**(3.6)**	(4.0)	–
	548.1	668.7	1,068.0
Less: amount due for settlement within 12 months (shown under current liabilities)	**–**	(374.8)	–
Amount due for settlement after 12 months	**548.1**	293.9	1,068.0

Bank facilities

As at 28 December 2010, the Group had a committed bank loan facility of £550m provided by a syndicate of banks. On 2 December 2010, £260m of this facility was drawn down. This facility is a Revolving Credit Facility ('RCF'), expiring in November 2015.

Borrowings under the RCF are unsecured but are guaranteed by the Company and by William Hill Organization Limited, one of the principal operating subsidiaries of the Company.

Borrowings under the Facility incur interest at LIBOR plus a margin of between 2.00% and 2.75%, determined by the Group's consolidated Net Debt to EBITDA ratio as defined in the loan agreement. A commitment fee, equivalent to 40% of the margin, is also payable in respect of available but undrawn borrowings under the RCF.

The upfront participation and other fees plus associated costs incurred in arranging the RCF have been capitalised as prepayments in the Consolidated Statement of Financial Position and are being amortised on a straight-line basis over the life of the facility. Unamortised finance fees in respect of the Group's previous bank loan arrangements, which have been terminated, have been written off as an exceptional item (see note 3).

Corporate bonds

As part of its strategy to diversify its funding sources, the Company issued £300m of corporate bonds to investors in 2009. These bonds mature in November 2016 and are guaranteed by William Hill Organization Limited, a principal subsidiary of the Company. The bonds carry a coupon of 7.125% but together with the discount on issue of the bonds bear an effective interest rate of 7.25%. Finance fees and associated costs incurred on the issue of the bonds together with the discount on issue have been capitalised in the Consolidated Statement of Financial Position and are being amortised over the life of the bonds.

Overdraft facility

At 28 December 2010, the Group had an overdraft facility with National Westminster Bank plc of £5m (29 December 2009: £5m). The balance on this facility at 28 December 2010 was £nil (29 December 2009: £nil).

21. Bank loans and other borrowings (continued)

Weighted average interest rate

	52 weeks ended 28 December 2010 %	52 weeks ended 39 December 2009 %	52 weeks ended 30 December 2008 %
The weighted average interest rates paid were as follows:			
Bonds	**7.3%**	7.3%	–
Bank loans	**4.0%**	3.8%	6.8%
Bank loans including hedging arrangements	**7.4%**	6.8%	5.8%

Fair value of loans and facilities

It is the directors' opinion that due to the Group's bank borrowings, being subject to floating interest rates, and the proven cash generation capability of the Group, there is no significant difference between book and fair value of the Group's bank facilities.

The Company's £300m 7.125% Guaranteed Notes due 2016 are listed on the London Stock Exchange and at the period end date their fair value was £312m.

22. Financial risk management

The Group's activities expose it to a variety of financial risks. Financial risk management is primarily carried out by the Corporate Finance Department under risk management policies approved by the Board of directors. The Board provides written principles for risk management, as described in the Business Review on page 36. The principal financial risks faced by the Group comprise liquidity risk, financing risk, credit risk, interest rate risk, currency risk and pensions risk. These risks are managed as described below.

Liquidity risk

Liquidity risk is the risk that the Group has insufficient funds available to settle its liabilities as they fall due. The Group's business is strongly cash generative with a high conversion of accounting profits into cash flow. The Group aims to maintain sufficient cash balances for its working capital requirements looking ahead using regularly updated cash flow forecasts. Liquidity requirements that cannot be met from operational cash flow or existing cash resources are satisfied by drawings under the Group's revolving credit loan facility. The Group maintains adequate committed but undrawn facilities to meet such requirements in its view. Details of the Group's borrowing arrangements are provided in note 21.

The table below details the Group's expected maturity for its derivative and non-derivative financial liabilities. The table has been drawn up on the undiscounted contractual maturities of the financial instruments including interest that will be receivable or payable on them. The interest payments are estimated based on the three month LIBOR in existence at the period end date.

22. Financial risk management (continued)

	Average effective interest rate	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	More than 5 years £m	Total £m
28 December 2010						
Finance leases	**1.0%**	**0.1**	**0.1**	**0.2**	**–**	**0.4**
Bond including interest	**7.1%**	**21.4**	**21.4**	**64.1**	**319.6**	**426.5**
Bank loans including interest	**3.4%**	**11.9**	**11.9**	**294.7**	**–**	**318.5**
Impact of interest rate hedging	**3.3%**	**17.8**	**8.1**	**1.5**	**–**	**27.4**
Other liabilities	**–**	**148.9**	**–**	**–**	**–**	**148.9**
Total		**200.1**	**41.5**	**360.5**	**319.6**	**921.7**
29 December 2009						
Finance leases	4.6%	0.2	0.3	–	–	0.5
Bond including interest	7.3%	21.3	21.3	64.3	339.9	446.8
Bank loans including interest	1.0%	383.1	–	–	–	383.1
Impact of interest rate hedging	5.0%	27.0	11.4	3.2	–	41.6
Other liabilities	–	109.2	–	–	–	109.2
Total		540.8	33.0	67.5	339.9	981.2
30 December 2008						
Finance leases	4.6%	0.8	0.5	–	–	1.3
Borrowings including interest	2.9%	40.7	834.5	261.3	–	1,136.5
Impact of interest rate hedging	4.9%	11.1	16.5	10.5	–	38.1
Other liabilities	–	109.2	–	–	–	109.2
Total		161.8	851.5	271.8	–	1,285.1

Capital management and financing risk

The Group seeks to maintain a capital structure which enables it to continue as a going concern and which supports its business strategy. The Group's capital is provided by equity and debt funding and these elements are managed to balance the requirements of the business and the interests of shareholders and debt stakeholders. The Group's capital management strategy also takes into account the wider economic and financial environment. The Group manages its capital structure through the payment of dividends to shareholders, the issue of new shares, buy backs of existing shares or other returns of capital to shareholders and by raising new debt or repaying existing borrowings.

Financing risk is the risk that the Group is unable to access sufficient finance to continue as a going concern. The Group manages its financing risk by maintaining a balance between different funding sources including equity and debt. It seeks to mitigate its debt financing risk by diversifying its sources of loan finance. The bank loan and corporate bond markets are currently used for this purpose. The Board also seeks to mitigate the Group's refinancing risk by having an appropriately balanced debt maturity profile.

22. Financial risk management (continued)

Credit risk

The Group is exposed to credit risk from counterparties defaulting on their obligations resulting in financial loss. It primarily arises in relation to financial institutions with which the Group deposits its surplus funds and from counterparties with which the Group has entered into derivative financial transactions for hedging purposes. It also arises from customers who have been granted credit with which to bet with the Group.

The Group manages its cash deposit credit risk by limiting the amount that can be deposited with any one institution and by restricting the counterparties with which it will deposit funds to institutions with specified minimum credit ratings.

The Group mitigates its credit risk with respect to derivative transactions by using a number of different counterparties.

Credit risk from customers is managed through the use of credit verification procedures and regular ongoing monitoring of customer receivables.

Interest rate risk

Interest rate risk arises primarily from the Group's borrowings. During the period the Group reviewed its interest rate risk management policy and has adopted a policy which aims to maintain a balance between fixed and floating rate debt exposures appropriate to the Group's debt burden and the wider economic environment. The Board approved a central fixed/floating interest rate exposure target of 50% but with substantial flexibility around this central target to allow for changing circumstances. At 28 December 2010 approximately 54% of the Group's gross borrowings were at fixed rates and 46% were at floating rates.

Historically the Group has managed its interest rate exposure through the use of interest rate derivatives. The Group has in place hedging instruments covering £370m of notional principal reducing to £200m of notional principal by 2012 and expiring soon after. As a consequence of the Group's transition to its new £550m Revolving Credit Facility in December 2010, these hedging arrangements were deemed to be ineffective for accounting purposes although for cash purposes they remain in place.

Based on the current level of borrowings and hedge arrangements, a 100 basis points change in interest rates would have the following impact on the Group Financial Statements:

	Increase of 100 basis points £m	Decrease of 100 basis points £m
Increase/(decrease) in profit	8.1	(8.6)
Increase/(decrease) in equity reserves	8.1	(8.6)

Currency risk

The Group's currency risk arises from transactions undertaken in foreign currencies, foreign currency assets and liabilities and from the translation into sterling of the results and net assets of overseas operations. The Group's objective when managing currency risk is to minimise any material impact on the Group's results from changes in exchange rates.

Forecast transactional exposures are reviewed regularly and foreign currency forwards are entered into to hedge a proportion of any significant foreign currency exposures. Currently these are primarily generated by transactions in Euros and Israeli shekels arising from the Group's online operations.

Foreign currency liability exposures arise from customer account balances deposited in currencies other than sterling. This risk is mitigated as far as possible by maintaining matching foreign currency client cash balances.

Exposures arising from the translation into sterling of the results and net assets of overseas operations denominated in foreign currencies are not deemed to be material to the Group and are not hedged.

The directors believe that any changes in exchange rates would not have had a material impact on the Group at 28 December 2010.

The table below shows net foreign currency denominated monetary assets or liabilities. None of these currency amounts is considered material enough to disclose separately.

22. Financial risk management (continued)

Net foreign currency assets/(liabilities)

Net foreign currency monetary assets/(liabilities) are shown below:

	28 December 2010			29 December 2009			30 December 2008		
	Sterling £m	Other currencies £m	Total £m	Sterling £m	Other currencies £m	Total £m	Sterling £m	Other currencies £m	Total £m
Functional currency:									
Sterling	–	–	–	–	(0.5)	(0.5)	–	(0.2)	(0.2)
Other currencies	–	–	–	–	–	–	–	–	–
	–	–	–	–	(0.5)	(0.5)	–	(0.2)	(0.2)

Revenue by currency

Revenue by currency is analysed below.

	52 weeks ended 28 December 2010 %	52 weeks ended 29 December 2009 %
Sterling	91.4	90.6
Euro	7.0	7.0
Other currencies	1.6	2.4
Total	100.0	100.0

Pensions risk

The Group operates defined benefit and defined contribution pension schemes for its employees. Pension risk arises in respect of the defined benefit scheme where the cost of funding retirement benefits ultimately falls upon the Group. In common with many pension schemes the Group's defined benefit scheme is in a deficit position and during 2010 the Group made additional cash contributions of £9.4m to the scheme over and above its normal contributions.

The Group seeks to manage the cash flow impacts arising from pensions risk. The defined benefit scheme was closed to new entrants in 2002 and from April 2011 will be closed to future accrual for existing members. The Group attempts to further manage its exposure by agreeing with the Pension Scheme Trustees the assumptions to be used to calculate the scheme liabilities of the scheme, the investment strategy to be followed and any additional contributions to be made by the Group to the scheme to eliminate the deficit.

The scheme is undergoing its triennial valuation as at 30 September 2010, following which the Group expects to agree the investment strategy and an appropriate recovery plan with the Trustees for eliminating the deficit.

23. Financial instruments

The carrying value of the Group's financial instruments (together with non-financial instruments for reconciling purposes) is analysed as follows:

At 28 December 2010	Notes	Derivative £m	Loans and receivables £m	Liabilities measured at amortised cost £m	Non-financial instruments £m	Total £m
Assets						
Unlisted non-current asset investments	15	–	–	–	9.9	9.9
Other non-current assets	12,13,25	–	–	–	1,660.7	1,660.7
Trade and other receivables:						
Trade receivables and similar items	17	–	4.2	–	–	4.2
Other non-derivative financial assets	17	–	10.0	–	–	10.0
Non-financial instruments	17	–	–	–	32.8	32.8
Cash and cash equivalents		–	109.4	–	–	109.4
Other current assets	16	–	–	–	0.3	0.3
Total assets		–	123.6	–	1,703.7	1,827.3
Liabilities						
Borrowings:						
Current	19	–	–	(0.1)	–	(0.1)
Non-current	19	–	–	(548.4)	–	(548.4)
Other financial liabilities:						
Fair value of swaps and collars	24	(26.9)	–	–	–	(26.9)
Financial liabilities at fair value through Profit and loss account:						
Antepost bets	24	(5.8)	–	–	–	(5.8)
Trade and other payables:						
Trade payables and similar items	18	–	–	(59.1)	–	(59.1)
Other non-derivative financial liabilities	18	–	–	(89.8)	–	(89.8)
Current tax liabilities		–	–	–	(52.6)	(52.6)
Other liabilities		–	–	–	(189.9)	(189.9)
Total liabilities		(32.7)	–	(697.4)	(242.5)	(972.6)
Net assets/(liabilities)		(32.7)	123.6	(697.4)	1,461.2	854.7

23. Financial instruments (continued)

At 29 December 2009	Notes	Derivative £m	Loans and receivables £m	Liabilities measured at amortised cost £m	Non-financial instruments £m	Total £m
Assets						
Unlisted non-current asset investments	15	–	–	–	6.6	6.6
Other non-current assets	12,13,25	–	–	–	1,667.8	1,667.8
Trade and other receivables:						
Trade receivables and similar items	17	–	3.6	–	–	3.6
Other non-derivative financial assets	17	–	8.3	–	–	8.3
Non-financial instruments	17	–	–	–	44.0	44.0
Cash and cash equivalents		–	119.8	–	–	119.8
Other current assets		–	–	–	0.3	0.3
Total assets		–	131.7	–	1,718.7	1,850.4
Liabilities						
Borrowings:						
Current	19	–	–	(375.0)	–	(375.0)
Non-current	19	–	–	(294.2)	–	(294.2)
Other financial liabilities:						
Fair value of swaps and collars	24	(41.9)	–	–	–	(41.9)
Financial liabilities at fair value through Profit and loss account:						
Antepost bets	24	(5.6)	–	–	–	(5.6)
Trade and other payables:						
Trade payables and similar items	18	–	–	(51.6)	–	(51.6)
Other non-derivative financial liabilities	18	–	–	(57.6)	–	(57.6)
Current tax liabilities		–	–	–	(57.0)	(57.0)
Other liabilities		–	–	–	(211.2)	(211.2)
Total liabilities		(47.5)	–	(778.4)	(268.2)	(1,094.1)
Net assets/(liabilities)		(47.5)	131.7	(778.4)	1,450.5	756.3

The directors believe that due to the nature of the Group's non-derivative financial instruments the carrying value equates to the fair value.

Fair value hierarchy

The hierarchy of the Group's financial instruments carried at fair value at 28 December 2010 is as follows:

	Level 1 £m	Level 2 £m	Level 3 £m	**Total £m**
Liabilities held at fair value				
Antepost bet liabilities	–	–	5.8	**5.8**
Interest rate hedging instruments	–	26.9	–	**26.9**
Total	–	26.9	5.8	**32.7**

Antepost bet liabilities are valued using methods and inputs that are not based upon observable market data and all movements on the balance are recognised in revenue in the income statement. There are no reasonably possible changes to assumptions or inputs that would lead to material changes in the fair value determined, although the final value will be determined by future sporting results.

Interest rate hedging instruments are classified as level 2 in the hierarchy, as their fair value is determined using inputs that are observable, either directly or indirectly. Changes in their fair value are recorded in the income statement, except in cases where the hedging arrangement qualifies for hedge accounting.

24. Derivative financial instruments

Details of the Group's derivative financial instruments are given below.

Antepost bets

Antepost bets are a liability arising from an open position at the period end date in accordance with the Group's accounting policy note for derivative financial instruments. Antepost bets total £5.8m (2009: £5.6m) and are classified as current liabilities.

Interest rate swaps and hedges

The Group has entered into a number of interest rate swap and collar arrangements as at 28 December 2010, under which the LIBOR element of the interest payable is swapped or capped for fixed rate payments, details of which are given below:

	Average contract fixed interest rate[1]			Notional principal amount[2]		
	28 December 2010 %	29 December 2009 %	30 December 2008 %	**28 December 2010 £m**	29 December 2009 £m	30 December 2008 £m
Less than 1 year	**5.3**	4.8	5.4	**370.0**	640.0	175.0
1 to 2 years	**5.3**	5.3	4.8	**200.0**	250.0	640.0
2 to 5 years	**5.3**	5.3	5.3	**200.0**	330.0	700.0
After 5 years	**–**	–	–	**–**	–	–
				770.0	1,220.0	1,515.0

[1] Calculated as fixed rate for swaps and capped rate for collars.

[2] The total of notional principal amounts represents the total value of contracts in existence at 28 December 2010 (excluding those which expire on 31 December 2010, as set out in the narrative below). This is higher than the effective notional principal of £370m at 28 December 2010, as a number of contracts expire and are replaced by other contracts starting in future periods.

	Fair value		
	28 December 2010 £m	29 December 2009 £m	30 December 2008 £m
Less than 1 year	**(17.5)**	(5.9)	0.4
1 to 2 years	**(8.0)**	(9.4)	(12.0)
2 to 5 years	**(1.4)**	(26.6)	(25.0)
After 5 years	**–**	–	–
	(26.9)	(41.9)	(36.6)

The notional principal hedged under the swaps varies between £320m and £100m over the period to 31 December 2012. At 28 December 2010 the notional principal outstanding under these arrangements was £320m, this amount dropped to £185m on 31 December 2010, with a further drop to £100m on 31 December 2011 followed by complete expiry on 31 December 2012.

The fixed interest rate under the swaps varies from 5.0% to 5.2%.

In addition, the Group has also entered into interest rate collar arrangements expiring between 31 December 2010 and 31 December 2012, under which the floating LIBOR rate is capped at rates or 5.5% with floors of 4.50%. The collar profile mirrors the swap profile with notional principal outstanding under these arrangements at 28 December 2010 being £320m, dropping to £185m on 31 December 2010, with a further drop to £100m on 31 December 2011 followed by complete expiry on 31 December 2012.

The fair value of swaps and collars entered into at 28 December 2010 is estimated as a liability of £26.9m (29 December 2009 liability – £41.9m). At 28 December 2010, none of the swaps or collars was effective for hedge accounting purposes.

The fair value of forward foreign currency contracts at period end was £nil.

25. Deferred tax

The following are the major deferred tax (liabilities) and assets recognised by the Group and movements thereon during the current and prior period:

	At 30 December 2009 £m	Amount charged to reserves £m	Amount credited/ (charged) to income £m	Amount charged to Statement of Comprehensive Income £m	**At 28 December 2010 £m**
Fixed asset timings differences	(25.2)	–	3.5	–	**(21.7)**
Held over gains	(8.4)	–	0.6	–	**(7.8)**
Retirement benefit obligations	12.2	–	(1.3)	(2.5)	**8.4**
Licences	(133.0)	–	4.6	–	**(128.4)**
Affiliate relationships	(1.4)	–	0.3	–	**(1.1)**
Share remuneration	1.6	(0.2)	1.0	–	**2.4**
Derivatives	10.3	–	–	(4.9)	**5.4**
	(143.9)	(0.2)	8.7	(7.4)	**(142.8)**

	At 31 December 2008 £m	Amount charged to reserves £m	Amount credited/ (charged) to income £m	Amount (charged)/ credited to Statement of Comprehensive Income £m	At 29 December 2009 £m
Fixed asset timings differences	(25.3)	–	0.1	–	(25.2)
Held over gains	(7.8)	–	(0.6)	–	(8.4)
Retirement benefit obligations	7.3	–	(1.9)	6.8	12.2
Licences	(132.9)	–	(0.1)	–	(133.0)
Affiliate relationships	(5.4)	–	4.0	–	(1.4)
Share remuneration	1.8	(1.5)	1.3	–	1.6
Derivatives	10.5	–	5.3	(5.5)	10.3
	(151.8)	(1.5)	8.1	1.3	(143.9)

The enacted future rate of UK corporation tax of 27% (52 weeks ended 29 December 2009: 28%) and the Gibraltar statutory income tax rate of 10% (2009: 10%) have been used to calculate the amount of deferred tax.

Certain deferred tax assets and liabilities have been offset in the above analysis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	28 December 2010 £m	29 December 2009 £m	30 December 2008 £m
Deferred tax liabilities	**(159.0)**	(168.0)	(171.4)
Deferred tax assets	**16.2**	24.1	19.6
	(142.8)	(143.9)	(151.8)

Of the net £142.8m deferred tax position, £141.1m relates to UK tax.

26. Called-up share capital

	28 December 2010		29 December 2009		30 December 2008	
	Number of shares	£m	Number of shares	£m	Number of shares	£m
Called-up, allotted and fully paid – ordinary shares of 10p each:						
At start of period	**701,646,200**	**70.2**	353,718,759	35.4	353,718,759	35.4
Shares issued	**–**	**–**	347,927,441	34.8	–	–
At end of period	**701,646,200**	**70.2**	701,646,200	70.2	353,718,759	35.4

The Company has one class of ordinary shares, which carry no right to fixed income.

27. Share premium

	£m
At 31 December 2008	–
Rights issue	317.3
At 29 December 2009 and 28 December 2010	**317.3**

The share premium reserve arose on the rights issue in 2009.

28. Capital redemption reserve

	£m
At 31 December 2008, 29 December 2009 and 28 December 2010	**6.8**

The capital redemption reserve arose on the cancellation of previously issued shares and represents the nominal value of those shares cancelled.

29. Merger reserve

	£m
At 31 December 2008, 29 December 2009 and 28 December 2010	**(26.1)**

The merger reserve arose following a Group reorganisation in 2002 in preparation for the flotation of the Company.

30. Own shares

	£m
At 31 December 2008	(31.1)
Transfer of own shares to recipients	7.2
At 29 December 2009	(23.9)
Transfer of own shares to recipients	5.3
At 28 December 2010	**(18.6)**

Own shares held comprise:

	28 December 2010			29 December 2009			30 December 2008		
	Number of shares	**Nominal value £m**	**Cost £m**	Number of shares	Nominal value £m	Cost £m	Number of shares	Nominal value £m	Cost £m
William Hill Holdings EBT	**3,155,000**	**0.3**	**16.7**	3,810,000	0.4	20.2	1,000	–	–
Treasury shares	**355,000**	**–**	**1.9**	701,000	0.1	3.7	5,846,000	0.6	31.1
	3,510,000	**0.3**	**18.6**	4,511,000	0.5	23.9	5,847,000	0.6	31.1

The shares held in treasury were purchased at a weighted average price of £5.32 (29 December 2009: £5.32). The shares held in the William Hill Holdings EBT were purchased at a weighted average price of £5.32 (29 December 2009: £5.32).

31. Hedging and translation reserves

	Hedging reserve	Translation reserve £m	Total £m
At 31 December 2008	(26.9)	0.7	(26.2)
Transfer to income statement of de-designation	18.5	–	18.5
Deferred tax on transfer to income statement	(5.2)	–	(5.2)
Transfer to income	21.2	–	21.2
Change in fair value of hedging derivatives	(20.0)	–	(20.0)
Deferred tax arising	(0.3)	–	(0.3)
Exchange differences on translation of overseas operations	–	(0.8)	(0.8)
At 29 December 2009	(12.7)	(0.1)	(12.8)
Change in fair value of hedging derivatives	(8.4)	–	(8.4)
Hedging losses transferred to income statement	11.8	–	11.8
Charged to income on de-designation	14.2	–	14.2
Deferred tax arising	(4.9)	–	(4.9)
Exchange differences on translation of overseas operations	–	0.6	0.6
At 28 December 2010	**–**	**0.5**	**0.5**

The hedging reserve records the movements on derivative fair values, where movements on the fair value of those derivatives have qualified to be deferred to equity. The translation reserve records the movement of the value of overseas subsidiaries as a result of changes in the exchange rate.

32. Retained earnings

	£m
At 31 December 2008	389.3
Dividends paid (note 10)	(17.5)
Net profit for the period	81.2
Actuarial loss recognised in the pension scheme	(24.2)
Deferred tax arising thereon	6.8
Credit to equity in respect of share remuneration	5.0
Tax charge taken to equity in respect of share remuneration	(1.5)
Movements on reserves due to transfer of own shares to recipients	(6.4)
Profit attributable to non-controlling interest (note 33)	(20.1)
At 29 December 2009	412.6
Dividends paid (note 10)	(52.3)
Net profit for the period	156.0
Actuarial gain recognised in the pension scheme	6.1
Deferred tax arising thereon	(2.5)
Credit to equity in respect of share remuneration	4.7
Tax charge taken to equity in respect of share remuneration	(0.2)
Movements on reserves due to transfer of own shares to recipients	(5.0)
Profit attributable to non-controlling interest (note 33)	(26.3)
At 28 December 2010	**493.1**

33. Non-controlling interest

	£m
At 31 December 2008	9.5
Playtech share of profit for the period	20.1
Amounts paid to Playtech	(17.4)
At 29 December 2009	12.2
Playtech share of profit for the period	26.3
Amounts paid to Playtech	(27.0)
At 28 December 2010	**11.5**

The non-controlling interest relates to the 29% share in William Hill Online owned by Playtech Limited.

Payments are made to Playtech by the Group subsidiaries under various service and equity agreements. The Group considers the substance of individual payments in determining their accounting treatment. Where it is concluded that the payments are in respect of Playtech's investment in the Group's subsidiary, they are treated as profits attributable to the non-controlling interest. Where they represent additional services rendered, they are disclosed within operating costs in the Online segment.

34. Notes to the cash flow statement

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Profit before interest and tax, excluding exceptional items	**273.2**	253.0
Adjustments for:		
Share of result of associates and joint ventures	**(3.3)**	0.3
Depreciation of property, plant and equipment	**26.9**	28.6
Amortisation of computer software	**10.6**	8.7
Amortisation of trade names, affiliates and NCA	**3.6**	5.5
Loss on disposal of property, plant and equipment	**0.9**	1.7
Gain on disposal of land and buildings	**(1.5)**	(0.7)
Cost charged in respect of share remuneration	**4.7**	5.0
Defined benefit pension cost less cash contributions	**(8.2)**	(9.8)
Foreign exchange reserve movement	**0.6**	(0.8)
Exceptional operating income/(expense)	**3.2**	(8.4)
Movement on financial derivatives	**0.8**	0.7
Operating cash flows before movements in working capital:	**311.5**	283.8
Decrease in inventories	**–**	0.2
Increase in receivables	**(2.2)**	(11.7)
Increase in payables	**32.0**	7.6
Cash generated by operations	**341.3**	279.9
Income taxes paid	**(51.7)**	(49.3)
Interest paid	**(65.7)**	(60.2)
Net cash from operating activities	**223.9**	170.4

35. Operating lease arrangements

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m	52 weeks ended 30 December 2008 £m
Minimum lease payments under operating leases recognised as an expense in the period:			
– plant and machinery	**1.0**	1.9	2.2
– other (including land and buildings)	**54.6**	51.4	47.9
	55.6	53.3	50.1

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35. Operating lease arrangements (continued)

At the period end date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	28 December 2010 £m	29 December 2009 £m	30 December 2008 £m
Within one year	**47.6**	48.3	43.8
In the second to fifth years inclusive	**160.9**	158.4	147.9
After five years	**231.7**	243.4	226.5
	440.2	450.1	418.2

Operating lease payments represent rentals payable by the Group for certain of its LBOs, office properties and amounts payable for the use of certain office and computer equipment.

36. Share-based payments

The Group had the following share-based payment schemes in operation during the period, all of which will be settled by equity:

(a) Performance Share Plan (PSP), Long Term Incentive Plan (LTIP), William Hill Online Long Term Incentive Plan (William Hill Online LTIP) and Executive Bonus Matching Scheme (EBMS) encompassing awards made in the years from 2003 to 2010;

(b) Save As You Earn share option scheme involving options granted after 7 November 2002 (SAYE) encompassing grants made in the years from 2003 to 2010; and

(c) Save As You Earn share option schemes involving options granted before 7 November 2002 (2002 SAYE) encompassing a grant made in 2002.

Details of these schemes are provided on pages 40 and 41 in the Directors' Remuneration Report.

In accordance with the transition provisions included in IFRS 2, the Group has recognised an expense in respect of all grants after 7 November 2002 that were unvested as of 1 January 2005. In the context of the Group's schemes, this includes items (a) and (b) above. The total expense recognised (excluding employers' National Insurance costs) in respect of these schemes was £4.7m in the 52 weeks ended 28 December 2010 (52 weeks ended 29 December 2009: £5.0m).

(a) Performance Share Plan (PSP), Long Term Incentive Plan (LTIP), William Hill Online LTIP and Executive Bonus Matching Scheme (EBMS)

The PSP and EBMS provides conditional awards of shares dependent on the Group's earnings per share growth and Total Shareholder Return (TSR) performance over a three-year period as well as continued employment of the individual at the date of vesting (awards are usually forfeited if the employee leaves the Group voluntarily before the awards vest). EBMS shares are exercised automatically on fulfilment of the service condition. If PSP options remain unexercised after a period of ten years from the date of grant, the option lapses. Details of previously matured incentive schemes under which options remain to be exercised are given in note 10 to the Parent Company financial statements. The William Hill Online LTIP provides conditional awards dependent on William Hill Online achieving a specified operating profit target for the financial year 2012.

	28 December 2010 Number	29 December 2009 Number
Outstanding at beginning of the period	**6,646,524**	2,513,196
Granted during the period	**7,790,983**	4,331,670
Rights issue	**–**	1,037,686
Forfeited during the period	**(38,490)**	(992,046)
Exercised during the period	**(728,057)**	(243,982)
Outstanding at the end of the period	**13,670,960**	6,646,524
Exercisable at the end of the period	**56,904**	155,116

As the PSP, LTIP and EBMS are conditional awards of shares and the recipients do not have to pay an exercise price, the shares have, in effect, a zero cost exercise price. The weighted average share price at the date of exercise for share awards exercised during the period was £2.01 (52 weeks ended 29 December 2009: £2.01).

The awards outstanding at 28 December 2010 had a remaining weighted average contractual life of 8.0 years (29 December 2009: 6.5 years).

36. Share-based payments (continued)

The inputs into the Black-Scholes-Merton pricing formula in respect of these options were as follows:

	28 December 2010	29 December 2009
Weighted average share price at date of grant	**£1.75 – £2.00**	£2.70
Weighted average exercise price	**Nil**	Nil
Expected volatility	**35 – 38%**	30%
Expected life	**1 – 4 years**	1 – 4 years
Risk free interest rate	**1.2 – 4.9%**	4.1%
Expected dividend yield	**3.7 – 4.3%**	5.5%

Expected volatility was determined by calculating the historical volatility of the Group's shares over a period matching the option life where possible and where this is not possible (due to the fact that the Company was only listed in June 2002), historical volatility has been calculated from a period commencing on 20 September 2002, being three months after the listing of the Company, and ending on the date of grant. This ensures that the volatility calculation is not unduly affected by erratic price movements that arose immediately after flotation. The expected life of the option used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The value of the option has also been adjusted to take into account the market conditions applicable to the option (i.e. TSR requirements) by applying a discount to the option value. This discount is calculated based on an estimate of the probability of achieving the relevant condition, and was between 25% and 42% for the 52 weeks ended 28 December 2010 (52 weeks ended 29 December 2009: 34% to 42%).

The weighted average fair value of the awards granted under the PSP, LTIP, William Hill Online LTIP and EBMS schemes at the date of grant was £1.35 per option (29 December 2009: £1.07). The expense recognised (excluding employers' national insurance costs) in respect of relevant PSP, LTIP and EBMS schemes in the 52 weeks ended 28 December 2010 was £6.6m (52 weeks ended 29 December 2009: £2.3m).

(b) SAYE scheme for grants made in the years from 2003 to 2010

Options under the SAYE Share Option Scheme, which is open to all eligible employees, are based on a three, five or seven-year monthly savings contract. Options under the scheme are granted with an exercise price up to 20% below the share price when the savings contract is entered into. The options remain valid for six months beyond the end of the relevant savings contract.

	28 December 2010		29 December 2009	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at beginning of the period	**7,523,268**	**1.78**	3,911,947	3.39
Granted during the period	**1,864,922**	**1.60**	5,217,342	1.39
Rights issue	**–**	**–**	1,249,503	2.39
Forfeited during the period	**(2,182,999)**	**3.10**	(2,807,018)	2.20
Exercised during the period	**(175,574)**	**1.28**	(48,506)	1.25
Outstanding at the end of the period	**7,029,617**	**1.68**	7,523,268	1.78
Exercisable at the end of the period	**265,066**	**3.44**	479,789	3.10

The exercise price for the 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010 SAYE schemes, following the rights issue was £1.24, £2.77, £3.23, £3.25, £3.49, £1.98, £1.39 and £1.60 respectively.

The weighted average share price at the date of exercise for share options exercised during the period was £1.74 (52 weeks ended 29 December 2009: £2.13). The options outstanding at 28 December 2010 had a remaining weighted average contractual life of 2.56 years (29 December 2009: 2.6 years).

36. Share-based payments (continued)

The inputs into the Black-Scholes-Merton pricing formula in respect of these options were as follows:

	28 December 2010	29 December 2009
Weighted average share price at date of grant	**£2.13**	£2.55
Weighted average exercise price	**£1.60**	£1.85
Expected volatility	**35 – 37%**	32%
Expected life	**4 – 6 years**	4 – 6 years
Risk free interest rate	**4.3%**	4.0%
Expected dividend yield	**3.7%**	6.4%

Expected volatility was determined by calculating the historical volatility of the Group's shares over a period matching the option life where possible and where this is not possible (due to the fact that the Company was only listed in June 2002), historical volatility has been calculated from a period commencing on 20 September 2002, being three months after the listing of the Company, and ending on the date of grant. This ensures that the volatility calculation is not unduly affected by erratic price movements that arose immediately after flotation. The expected life of the option used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The weighted average fair value of the options granted under these SAYE grants at the date of grant was £0.34 per option (52 weeks ended 29 December 2009: £0.70). The credit recognised in respect of relevant SAYE grants in the 52 weeks ended 28 December 2010 was £1.9m, arising predominantly from the application of the revision to IFRS 2 (52 weeks ended 29 December 2009: £2.7m expense).

(c) Pre 7 November 2002 schemes

In accordance with the transition provisions included in IFRS 2, the Group has not recognised an expense in respect of all grants before 7 November 2002 that were unvested as of 1 January 2005. In the context of the Group's schemes, this includes options outstanding in relation to the 2002 SAYE.

	28 December 2010		29 December 2009	
	Number	**Weighted average exercise price £**	Number	Weighted average exercise price £
Outstanding at beginning of the period	**163,175**	**1.27**	843,640	1.80
Rights issue	**–**	**–**	363,666	1.27
Forfeited during the period	**(38,179)**	**1.27**	–	1.27
Exercised during the period	**(124,996)**	**1.27**	(1,044,131)	(1.27)
Outstanding at the end of the period	**–**	**–**	163,175	1.27
Exercisable at the end of the period	**–**	**–**	163,175	1.27

The weighted average share price at the date of exercise for share options exercised during the period was £1.92 (52 weeks ended 29 December 2009: £1.72). The options outstanding at 29 December 2009 had a remaining weighted average contractual life of 0.1 years, whereas there was none outstanding at 28 December 2010.

37. Retirement benefit schemes

The Group operates a number of defined contribution and defined benefit pension schemes in the United Kingdom and Republic of Ireland. The UK schemes are operated under a single trust and the assets of all the schemes held separately from those of the Group in funds under the control of trustees. The respective costs of these schemes are as follows:

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Defined contribution scheme (charged to profit before interest and tax)	**2.4**	2.2
Defined benefit scheme (charged to profit before interest and tax)	**6.0**	5.2
Defined benefit scheme (charged to finance costs)	**1.9**	2.8
Defined benefit scheme ((credited)/charged to Statement of Comprehensive Income)	**(6.1)**	24.2
	4.2	34.4

Defined contribution schemes

The defined contribution scheme, to which both the Group and employees contribute to fund the benefits are available for all eligible employees. The only obligation of the Group with respect to these schemes is to make the specified contributions.

The total cost charged to income in respect of these schemes represents contributions payable to this scheme by the Group at rates specified in the rules of the scheme. As at 28 December 2010, contributions of £nil (29 December 2009: £0.4m) due in respect of the current reporting period had not been paid over to the schemes.

Defined benefit scheme

The Group also operates a defined benefit scheme in the UK for eligible employees which closed to new members in 2002. Under the scheme, employees are entitled to retirement benefits varying between 1.67% and 3.33% of final pensionable pay for each year of service on attainment of a retirement age of 63. The scheme is a funded scheme and the rate of Company contributions paid during 2010 for future service benefits was 25.0% of members' pensionable pay. In addition, during 2010 the Group made an additional contribution of £9.4m as part of a funding plan agreed with the trustees to remove the funding deficit disclosed on the basis of the formal actuarial valuation at 30 September 2007. The general principles adopted by the trustees for the purposes of this funding valuation are that the assumptions used, taken as a whole, will be sufficiently prudent for pensions already in payment to continue to be paid, and to reflect the commitments which will arise from members' accrued pensions right.

For the purposes of preparing the information disclosed in these accounts, a full actuarial valuation of the scheme was carried out at 30 September 2007 and updated to 28 December 2010 by a qualified independent actuary. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. The current triennial valuation at 30 September 2010 is ongoing.

With effect from 31 March 2011, the defined benefit scheme will be closed to future accrual. Employed members of this scheme will be automatically transferred into the defined contribution scheme.

Disclosure of principal assumptions

The financial assumptions used by the actuary in determining the present value of the defined benefit scheme's liabilities were:

	28 December 2010	29 December 2009	30 December 2008
Rate of increase of salaries	**4.50%**	4.60%	3.75%
Rate of increase of pensions in payment	**3.50%**	3.60%	2.75%
Discount rate	**5.50%**	5.70%	6.00%
Rate of increase in inflation	**3.50%**	3.60%	2.75%

In accordance with the accounting standard, the discount rate has been determined by reference to market yields at the period end date on high quality fixed income investments at a term consistent with the expected duration of the liabilities. Price inflation is determined by the difference between the yields on fixed and index-linked government bonds with an adjustment to allow for differences in the demand for these bonds, which can distort this figure. The Bank of England target inflation rate has also been considered in setting this assumption. The expected rate of salary growth and pension increases are set with reference to the expected rate of inflation. No change has been made to the basis of inflation applied to pension increases in the scheme.

37. Retirement benefit schemes (continued)

The mortality assumption is kept under review and has been updated. The current life expectancies for a male member underlying the value of the accrued liabilities are:

Life expectancy at age 63	28 December 2010	29 December 2009
Member currently aged 63	**24 years**	24 years
Member currently aged 45	**25 years**	25 years

The assets in the scheme and their expected rate of return are set out in the table below. The expected rate of return is determined by taking the long-term rates of return available on government and corporate bonds at the period end date. The expected return on equities is calculated by applying a suitable 'risk premium' to the return on government bonds having regard to historic returns and long-term future expectations.

	28 December 2010		29 December 2009		30 December 2008	
	Expected return %	**Value £m**	Expected return %	Value £m	Expected return %	Value £m
Equities	**6.3**	**149.9**	6.5	132.0	5.9	91.4
Corporate bonds	**5.5**	**37.4**	5.7	33.3	6.0	28.4
Gilts and cash	**4.3**	**74.5**	4.5	64.9	3.9	69.6
Total market value of assets		**261.8**		230.2		189.4
Present value of scheme liabilities		**(292.7)**		(273.4)		(215.3)
Deficit in scheme		**(30.9)**		(43.2)		(25.9)

Analysis of the amount charged to profit before interest and tax:

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Current service cost	**5.7**	4.8
Past service cost	**0.3**	0.4
Total operating charge	**6.0**	5.2

Analysis of the amount charged/(credited) to finance costs:

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Expected return on pension scheme assets	**(13.4)**	(9.9)
Interest on pension scheme liabilities	**15.3**	12.7
Net cost	**1.9**	2.8

Analysis of the amounts recognised in the Consolidated Statement of Comprehensive Income:

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Actual return less expected return on pension scheme assets	**(12.5)**	(22.6)
Experience gains arising on the scheme liabilities	**–**	(2.6)
Changes in assumptions underlying the present value of the scheme liabilities	**6.4**	49.4
	(6.1)	24.2

37. Retirement benefit schemes (continued)

Movements in the present value of defined benefit obligations in the current period were as follows:

	28 December 2010 £m	29 December 2009 £m
At beginning of period	**273.4**	215.3
Movement in period:		
Service cost	**5.7**	4.8
Interest cost	**15.3**	12.7
Contributions from scheme members	**0.8**	1.0
Actuarial losses	**6.4**	46.8
Benefits paid	**(9.2)**	(7.6)
Past service cost	**0.3**	0.4
At end of period	**292.7**	273.4

Movements in the present value of fair value of scheme assets in the current period were as follows:

	28 December 2010 £m	29 December 2009 £m
At beginning of period	**230.2**	189.4
Movement in period:		
Expected return on scheme assets	**13.4**	9.9
Actuarial gains	**12.5**	22.6
Contributions from the sponsoring companies	**14.1**	14.9
Contributions from scheme members	**0.8**	1.0
Benefits paid	**(9.2)**	(7.6)
At end of period	**261.8**	230.2

History of experience gains and losses:

	52 weeks ended 28 December 2010	52 weeks ended 29 December 2009	52 weeks ended 30 December 2008	53 weeks ended 1 January 2008	52 weeks ended 26 December 2006
Difference between the actual and expected return on scheme assets:					
Amount (£m)	**12.5**	22.6	(62.1)	(0.1)	13.7
% of scheme assets	**4.8%**	9.8%	32.8%	0.0%	6.6%
Experience gains and (losses) on scheme liabilities:					
Amount (£m)	**–**	2.6	–	4.9	4.8
% of the present value of the scheme liabilities	**–**	1.0%	–	2.1%	2.1%
Changes in assumptions underlying the present value of the scheme liabilities	**(6.4)**	(49.4)	30.6	8.1	1.8
% of the present value of the scheme liabilities	**2.2%**	18.0%	14.2%	3.4%	0.8%
Cumulative losses[1] (£m)	**(72.6)**	(78.7)	(54.5)	(23.0)	(35.9)

[1] Cumulative losses are calculated from year ended 31 December 2002.

The actual return on scheme assets was £25.9m (2009: £32.5m).

37. Retirement benefit schemes (continued)

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

The sensitivity of the present value of the scheme's liabilities to changes in the principal assumptions used to measure these liabilities is illustrated in the table that follows. The illustrations consider the single change shown, with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case). In addition, changes in the assumptions may occur at the same time as changes in the market value of the scheme assets, which may or may not offset the change in assumptions.

Assumption	Changes in assumption	Impact on defined benefit liabilities
Discount rate	Decrease by 0.25% p.a.	Increase of £14.8m
Rate of increase in inflation	Increase by 0.25% p.a.	Decrease of £12.2m
Life expectancy	Members assumed to live one year longer	Increase of £7.0m

If the change in assumptions is in the opposite direction to that shown above, the impact on the defined benefits liabilities would be of a similar magnitude, again in the opposite direction.

Nature and extent of the risks arising from financial instruments held by the defined benefit scheme

Pension assets and liabilities (pre-tax) of £261.8m and £292.7m respectively are held on the Group's Consolidated Statement of Financial Position as at 28 December 2010. Movements in equity markets, long-term interest rates, inflation and life expectancy could materially affect these amounts and could give rise to a requirement for additional contributions, or a reduction in contributions from the Group.

The scheme's investment strategy is set by the trustees following consultation with the Group. The defined benefit scheme has a significant holding of equity investments which produce more variable returns than bonds and are therefore considered 'riskier'. It is generally accepted that the yield on equity investments will contain a premium to compensate investors for this additional risk.

During the period, in conjunction with the trustees, an asset-liability review for the defined benefit scheme was carried out to assist the trustees and the Group to determine the optimal long-term asset allocation based on the structure of liabilities within the scheme.

38. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group, its joint ventures and associates are disclosed below. Transactions between the Company and its subsidiaries and associates are disclosed in the Company's separate financial statements.

Trading transactions

Associate

During the period the Group made purchases of £34.8m (52 weeks ended 29 December 2009: £32.9m) from Satellite Information Services Limited, a subsidiary of the Group's associated undertaking, SIS. At 28 December 2010 the amount payable to Satellite Information Services Limited by the Group was £nil (29 December 2009: £nil).

Purchases were made at market price. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Joint ventures

During the period the Group recharged certain administrative expenses totalling £nil (52 weeks ended 29 December 2009: £0.7m) incurred on behalf of the joint venture, back to them.

At 28 December 2010 £nil was receivable from the joint ventures (29 December 2009: £0.7m).

38. Related party transactions (continued)

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	52 weeks ended 28 December 2010 £m	52 weeks ended 29 December 2009 £m
Short-term employee benefits (including salaries)	**2.3**	1.8
Post-employment benefits (employer's contribution)	**0.1**	0.1
Share-based payment (IFRS 2 charges)	**0.9**	0.4
	3.3	2.3

39. Contingent liability

In June 2010, the Group recognised a £5.6m credit following a refund of overpaid VAT from HMRC. The VAT repayment relates to our claim that the application of VAT to income from AWP machines contravened the European Union's principle of fiscal neutrality. HMRC have challenged a similar claim made by Rank plc and our claim will not be determined until the Rank case is resolved. Rank plc received a favourable judgement at the High Court in March 2009 and in April 2010 HMRC's appeal was heard at the Court of Appeal. The Court of Appeal did not make a judgement but referred the case to the European Court of Justice, which is due to hear the case in 2011. Should HMRC ultimately be successful in their appeal then the Group would have to repay the monies received, although the directors consider this unlikely.

To the members of William Hill PLC

We have audited the parent company financial statements of William Hill PLC for the 52 week period ended 28 December 2010, which comprise the Parent Company Balance Sheet, Parent Company Statement of Accounting Policies and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the Parent Company financial statements:

- give a true and fair view of the state of the Parent Company's affairs as at 28 December 2010 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Parent Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the parts of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of William Hill PLC for the 52 week period ended 28 December 2010.

Robert Matthews (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors
London
United Kingdom

25 February 2011

Parent Company Balance Sheet

as at 28 December 2010

	Notes	28 December 2010 £m	29 December 2009 £m
Fixed assets			
Investments	4	**38.2**	38.2
		38.2	38.2
Current assets			
Debtors			
Due within one year	5	**2,084.1**	1,941.6
Due after more than one year	6	**5.4**	10.3
		2,089.5	1,951.9
Creditors: amounts falling due within one year	7	**(541.5)**	(730.0)
Net current assets		**1,548.0**	1,221.9
Total assets less current liabilities		**1,586.2**	1,260.1
Creditors: amounts falling due after more than one year	8	**(557.5)**	(329.7)
Net assets		**1,028.7**	930.4
Capital and reserves			
Called-up share capital	10,12	**70.2**	70.2
Premium on ordinary shares	11,12	**317.3**	317.3
Capital redemption reserve	12	**6.8**	6.8
Own shares held	12	**(1.9)**	(3.7)
Hedging reserve	12	**–**	(12.7)
Profit and loss account	12	**636.3**	552.5
Shareholders' funds	12,13	**1,028.7**	930.4

The parent company financial statements of William Hill PLC, registered number 4212563, were approved by the Board of directors and authorised for issue on 25 February 2011 and are signed on its behalf by:

R J Topping

Director

N Cooper

Director

Parent Company Statement of Accounting Policies

for the 52 weeks ended 28 December 2010

The unconsolidated financial statements for the Company have been prepared in accordance with UK law and applicable UK GAAP accounting standards. A summary of the Company's principal accounting policies, which have been applied consistently throughout the period and the preceding period is set out below.

Basis of accounting

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

Exemptions

The directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone. The Company has also taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 'Cash flow statements'. The cash flows of the Company are subsumed within the William Hill PLC Group financial statements. The Company is also exempt under the terms of FRS 8 'Related Parties' from disclosing related party transactions with entities that are part of the William Hill PLC Group.

Investments

Fixed asset investments are shown at cost less provision, if any, for impairment.

Cost is measured by reference to the nominal value only of the shares issued for investments in subsidiaries acquired for consideration that includes the issue of shares qualifying for merger relief. Any premium is ignored.

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.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rate ruling at the date of the transaction or at an average rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates ruling at that date. Translation differences arising are dealt with in the profit and loss account.

Finance costs

Finance costs of debt are recognised in the profit and loss account over the term of that debt at a constant rate on the carrying amount.

Interest-bearing borrowings

Interest-bearing borrowings are recorded at the fair value of the proceeds received, net of discounts and direct issue costs. Finance charges, including the unwinding of any discounts, premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the profit and loss account using the effective interest method. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. Any accrued finance costs are included in accruals and deferred income within creditors.

Derivative financial instruments

Derivative instruments utilised by the Company are interest rate swaps and collars. The Company does not enter into speculative derivative contracts. All such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the William Hill PLC Group in line with the Group's risk management policies. Amounts payable or receivable in respect of interest rate swaps and collars are recognised as adjustments to interest expense over the period of the contracts.

Termination payments made or received are spread over the life of the underlying exposure in cases where the underlying exposure continues to exist. In other cases termination payments are taken to the profit and loss account.

Own shares held

Own shares held in treasury and held in employment benefit trusts are included within reserves.

Share-based payments

The Company issues equity-settled share-based payments to certain employees within the William Hill PLC Group and operates a number of Inland Revenue approved Save As You Earn (SAYE) share option schemes open to all eligible employees within the William Hill PLC Group, which allow the purchase of shares at a discount. The cost to the Group of both of these share-based payments is measured at fair value at the date of grant. Fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and is borne by the employing company within the Group.

Fair value is measured by use of the Black-Scholes-Merton pricing formula. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. Where relevant, the value of the option has also been adjusted to take into account any market conditions applicable to the option.

Further descriptions of the Group's share-based payment plans are given in note 36 of the Group financial statements.

Going concern

As highlighted in notes 21 and 22 to the Group financial statements, the Group meets its day-to-day working capital requirements from strong operational cash flow and through its cash resources. These are supplemented when required by additional drawings under the Group's bank loan facilities. As noted in the 'Refinancing' section of the Chairman's Statement, the Group's funding requirements for the medium term are satisfied by the Group's £550m bank loan facilities which expire in November 2015 and its £300m corporate bond which matures in November 2016. Whilst current economic conditions create uncertainty over the level of demand for the Group's products the Group's strategic forecasts, based on reasonable and prudent assumptions, indicate that the Group should be able to operate within the level of its currently available debt facilities.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these accounts.

1. Directors' remuneration and interests

The Company had no employees other than directors during the current or prior period. The Company did not operate any pension schemes during the current or prior period. Details of directors' remuneration, share interests, share options and other entitlements, which form part of these financial statements, are given in the parts of the Directors' Remuneration Report on pages 39 to 45, which are described as having been audited.

Directors' interests

The directors had the following interests, including family interests (all of which were beneficial) in the Ordinary Shares of William Hill PLC:

	28 December 2010 Number[1]	29 December 2009 Number[1]
Chairman		
Gareth Davis	–	–
Charles Scott[1]	251,634	251,634
Executive directors:		
Simon Lane[1]	43,505	3,000
Ian Spearing[1]	–	24,757
Ralph Topping	65,393	27,112
Neil Cooper	–	–
Non-executive directors:		
David Allvey	26,666	26,666
David Edmonds	24,000	24,000
Barry Gibson[1]	–	34,462
Ashley Highfield	5,848	–

[1] As at the period end or date of resignation.

No director had any interest in shares in any other Group company.

Directors' share options

Details of directors' share options are provided in the Directors' Remuneration Report on pages 40 and 45, which are described as having been audited.

2. Profit for the year

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. William Hill PLC reported a profit for the 52 weeks ended 28 December 2010 of £137.6m (52 weeks ended 29 December 2009: £130.2m).

The auditor's remuneration for audit and other services is disclosed in note 5 to the Group financial statements.

3. Dividends proposed and paid

	28 December 2010 Per share	29 December 2009 Per share	28 December 2010 £m	29 December 2009 £m
Equity shares:				
– current year interim dividend paid	**5.0p**	2.5p	**34.8**	17.5
– prior year final dividend paid	**2.5p**	–	**17.5**	–
	7.5p	2.5p	**52.3**	17.5
Proposed dividend	**5.8p**	5.0p	**40.5**	34.9

Further details of dividends paid and proposed are shown in note 10 of the Group financial statements.

4. Investments

	£m
Cost and net book value:	
At 29 December 2009 and 28 December 2010	**38.2**

It is the opinion of the directors that the total value of the Company's investment in its subsidiaries is not less than the amounts at which they are stated in the Parent Company Balance Sheet.

The principal subsidiaries of the Company, their country of incorporation, ownership of their share capital and the nature of their trade are shown in note 14 to the Group financial statements.

5. Debtors: amounts falling due within one year

	28 December 2010 £m	29 December 2009 £m
Amounts owed by Group undertakings	**2,084.1**	1,929.6
Prepaid finance fees	**–**	12.0
	2,084.1	1,941.6

6. Debtors: amounts falling due after more than one year

Deferred tax

	28 December 2010 £m	29 December 2009 £m
At start of period	**10.3**	10.5
Deferred tax on hedging movement	**(4.9)**	(0.2)
At end of period	**5.4**	10.3

7. Creditors: amounts falling due within one year

	28 December 2010 £m	29 December 2009 £m
Bank loans	–	375.0
Amounts owed to Group undertakings	519.2	341.5
Accruals and deferred income	4.8	7.0
Derivative financial instruments (note 9)	17.5	6.5
	541.5	730.0

8. Creditors: amounts falling due after one year

Bank overdrafts, loans and derivative financial instruments	28 December 2010 £m	29 December 2009 £m
Borrowings at amortised cost		
Bank loans	260.0	–
£300m 7.125% Guaranteed Notes due 2016	300.0	300.0
	560.0	300.0
The borrowings are repayable as follows:		
Amounts due for settlement within one year	–	–
In the second year	–	–
In the third to fifth years inclusive	260.0	–
After more than five years	300.0	300.0
	560.0	300.0
Less: expenses relating to bank loans	(6.5)	(0.2)
Less: discount on bond issue £300m issued at £297.9m	(1.8)	(2.1)
Less: expenses relating to £300m 7.125% Guaranteed Notes due 2016	(3.6)	(4.0)
	548.1	293.7
Derivative financial instruments (note 9)	9.4	36.0
Amount due for settlement after 12 months	557.5	329.7

As at 28 December 2010, the Group had a committed bank loan facility of £550m provided by a syndicate of banks. This facility is structured as a Revolving Credit Facility ('RCF') and it expires in November 2015. Borrowings under the RCF are unsecured but are guaranteed by the Company and by William Hill Organization Limited, a subsidiary of the Company.

Borrowings under the facility incur interest at LIBOR plus a margin of between 2.00% and 2.75%, determined by the Group's consolidated net debt to EBITDA ratio as defined in the loan agreement. A commitment fee, equivalent to 40% of the margin, is also payable in respect of available but undrawn borrowings under the RCF.

The Company's bonds mature in November 2016 and are guaranteed by William Hill Organization Limited, a principal subsidiary of the Company. The bonds carry a coupon of 7.125% but together with the discount on issue of the bonds bear an effective interest rate of 7.25%. Finance fees and associated costs incurred on the issue of the bonds together with the discount on issue have been capitalised in the balance sheet and are being amortised over the life of the bonds.

Further details of borrowings are shown in note 21 of the Group financial statements.

9. Derivatives and other financial instruments

The Company holds derivatives and other financial instruments on behalf of the William Hill PLC Group. Note 22 to the Group's financial statements provides an explanation of the role that financial instruments have had during the period in creating or changing the risks that the Group faces in its activities. The explanation summarises the objectives and policies for holding or issuing financial instruments and similar contracts, and the strategies for achieving those objectives that have been followed during the period.

The value of net foreign currency monetary assets at 28 December 2010 was £nil (29 December 2009: £nil).

10. Called-up share capital

	28 December 2010		29 December 2009	
	Number of shares	£m	Number of shares	£m
Called-up, allotted and fully paid – Ordinary Shares of 10p each:				
At start of period	**701,646,200**	**70.2**	353,718,759	35.4
Rights issue	**–**	**–**	347,927,441	34.8
At end of period	**701,646,200**	**70.2**	701,646,200	70.2

The Company has one class of Ordinary Shares, which carry no right to fixed income.

Share options

Options have been granted to subscribe for Ordinary Shares of the Company under various share option and award schemes as shown below:

	Number of shares under option	Price per share	Exercise period
Long Term Incentive Plan (2003)	7,946	nil	Between 2006 and 2013
Long Term Incentive Plan (2004)	7,230	nil	Between 2007 and 2014
Operating Bonus 2004	1,384	nil	Between 2007 and 2014
Performance Share Plan (2005)	32,686	nil	Between 2008 and 2015
Performance Share Plan (2006)	16,988	nil	Between 2009 and 2016
Performance Share Plan (2010)	1,794,741	nil	Between 2014 and 2020
Executive Benefit Matching Scheme (2008)	1,638,530	nil	March 2011
Executive Benefit Matching Scheme (2009)	4,312,225	nil	March 2012
Executive Benefit Matching Scheme (2010)	1,393,770	nil	Between 2011 and 2013
William Hill Online Long Term Incentive Plan	4,466,844	nil	Between 2013 and 2020
SAYE 2003	28,559	£1.24	Between 2006 and 2011
SAYE 2004	30,946	£2.77	Between 2007 and 2012
SAYE 2005	73,146	£3.23	Between 2008 and 2013
SAYE 2006	131,487	£3.25	Between 2009 and 2014
SAYE 2007	304,489	£3.49	Between 2010 and 2013
SAYE 2008	1,106,239	£1.98	Between 2011 and 2014
SAYE 2009	3,791,604	£1.39	Between 2012 and 2015
SAYE 2010	1,563,147	£1.60	Between 2013 and 2016

Note 36 to the Group financial statements has further information on these schemes, including the valuation models and assumptions used.

11. Share premium

	£m
At 31 December 2008	–
Rights issue	317.3
At 29 December 2009 and 28 December 2010	**317.3**

12. Reserves

	Called-up share capital £m	Premium on Ordinary Shares £m	Capital redemption reserve £m	Own shares held £m	Hedging reserve £m	Profit and loss account £m	Total £m
At 30 December 2009	70.2	317.3	6.8	(3.7)	(12.7)	552.5	930.4
Retained profit for the financial period	–	–	–	–	–	137.6	137.6
Transfer of own shares to recipients	–	–	–	1.8	–	(1.5)	0.3
Transfer to income on derivatives	–	–	–	–	17.6	–	17.6
Deferred tax on derivatives	–	–	–	–	(4.9)	–	(4.9)
Dividends paid	–	–	–	–	–	(52.3)	(52.3)
At 28 December 2010	**70.2**	**317.3**	**6.8**	**(1.9)**	**–**	**636.3**	**1,028.7**

13. Reconciliation of movements in shareholders' funds

	28 December 2010 £m	29 December 2009 £m
Opening shareholders' funds	**930.4**	442.4
Profit for the financial period	**137.6**	130.2
Dividends paid	**(52.3)**	(17.5)
Issue of shares during the period (note 12)	**–**	352.1
Change in fair value of hedging derivatives	**(8.4)**	(20.0)
Hedging losses transferred to profit and loss account	**11.8**	21.2
Charged to profit and loss account on de-designation	**14.2**	18.5
Deferred tax on change in fair value of derivative	**(4.9)**	(5.5)
Movement on reserves due to transfer of own shares to recipients	**0.3**	9.0
Net increase to equity shareholders' funds	**98.3**	488.0
Closing shareholders' funds	**1,028.7**	930.4

14. Financial commitments

The Company had no capital commitments at 28 December 2010 (29 December 2009: £nil).

The Company had no commitments under non-cancellable operating leases at 28 December 2010 (29 December 2009: £nil).

15. 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.

Five-Year Summary

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Summarised results:					
Amounts wagered	**16,519.8**	15,070.0	14,810.1	14,370.8	12,966.7
Revenue	**1,071.8**	997.9	963.7	933.6	894.2
Profit before interest, tax and exceptional items (including associates)	**273.2**	253.0	278.6	286.7	292.2
Profit before interest and tax and after exceptional items (including associates)	**272.7**	199.8	267.8	265.8	292.2
Profit before tax	**193.3**	120.9	293.3	209.2	235.4
Profit for the financial period	**156.0**	81.2	234.0	157.4	166.8
Summarised statements of financial position:					
Assets employed:					
Non-current assets	**1,670.6**	1,674.4	1,727.3	1,595.2	1,563.5
Current assets	**156.7**	176.0	108.6	107.5	144.0
Current liabilities	**(224.9)**	(552.7)	(175.6)	(148.5)	(181.4)
Non-current liabilities	**(747.7)**	(541.4)	(1,302.7)	(1,321.1)	(1,335.6)
Long-term provisions	**–**	–	–	–	–
Net assets	**854.7**	756.3	357.6	233.1	190.5
Financed by:					
Equity attributable to equity holders of the parent	**843.2**	744.1	348.1	233.1	190.5
Minority interest	**11.5**	12.2	9.5	–	–
Total equity	**854.7**	756.3	357.6	233.1	190.5
Key statistics:					
Operating profit (£m)[1]	**276.8**	258.5	278.6	286.7	292.2
Adjusted basic earnings per share (pre-exceptionals)[2]	**21.7**	20.6	31.9	33.4	32.0
Diluted earnings per share (post-exceptionals)[2]	**18.4**	9.4	47.1	31.2	31.7
Dividends per share (paid)[3]	**7.5p**	2.5p	23.3p	22.2p	19.5p
Share price – high	**£2.17**	£2.65	£5.00	£6.76	£6.63
Share price – low	**£1.56**	£1.61	£1.55	£4.80	£5.35

All amounts are stated on an IFRS basis.

[1] Operating profit is defined as profit before interest, tax and amortisation relating to trade names, affiliate relationships and non-competition agreements as described in note 12 to the Group financial statements, excluding exceptional items.

[2] Earnings per share for the periods 2005 to 2008 have been restated to reflect the rights issue in accordance with IAS33 Earnings Per Share.

[3] Dividends per share have been presented on a paid basis.

Reconciliation of profit before interest and tax to operating profit

	Retail £m	Online £m	Telephone £m	Other £m	Corporate £m	2010 Total £m	Retail £m	Online £m	Telephone £m	Other £m	Corporate £m	2009 Total £m
Profit/(loss) before interest and tax	210.1	87.5	(5.2)	0.1	(19.8)	**272.7**	194.5	58.7	(36.6)	0.6	(17.4)	199.8
Amortisation*	–	3.6	–	–	–	**3.6**	–	5.5	–	–	–	5.5
Exceptional operating items (note 3)	(5.6)	–	6.1	–	–	**0.5**	8.2	10.2	34.8	–	–	53.2
Operating profit	204.5	91.1	0.9	0.1	(19.8)	**276.8**	202.7	74.4	(1.8)	0.6	(17.4)	258.5

* Amortisation for this purpose refers only to the amortisation of trade names, affiliate relationships and non-competition agreements as set out in note 12 to the Group financial statements.

Shareholder information

William Hill listed on the London Stock Exchange on 20 June 2002 and the share price on listing was 225p. Shareholders can access the current share price at www.williamhillplc.co.uk

To find the shop closest to you, go to our shop locator at www.williamhillplc.co.uk

Financial calendar

2010 Final Results	25 February 2011
2011 Q1 Interim Management Statement	April 2011
2011 Interim Results	August 2011
2011 Q3 Interim Management Statement	October 2011

AGM

12 May 2011

Registrar

The registrar of the Company is Computershare Investor Services PLC The Pavilions, Bridgwater Road, Bristol BS99 6ZZ (www.computershare.com). Telephone 0870 702 0000. Please contact Computershare for advice regarding any change of name or address, transfer of shares or loss of share certificate. Computershare will also be able to respond to queries on the number of shares you hold and the payment details for dividends.

You may give instructions for your dividend to be used to purchase additional William Hill shares. Full details of the dividend reinvestment plan can be found in the Investor Relations section of our corporate website (www.williamhillplc.co.uk) under shareholder information and a form of mandate can be found within the downloadable forms section. Alternatively, contact Computershare Investor Services PLC.

Professional advisers

Auditor:
Deloitte LLP
2 New Street Square
London EC4A 3BZ

Financial adviser and
corporate broker:
Citi
Citigroup Centre
33 Canada Square
London E14 5LB

Corporate broker:
Investec
2 Gresham Street
London EC2V 7QP

Registrars:
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Abbreviations and Glossary

ABB
Association of British Bookmakers

AGM
Annual General Meeting

BAGS
Bookmakers Afternoon Greyhound Services Limited, a non-profit making company set up by various bookmakers, including William Hill

CBS
Competition Beating Service

CCTV
Closed circuit television

Company
William Hill PLC, the ultimate holding company of the William Hill Group

CPI
Consumer price index

CR
Corporate responsibility

CRRIC
Corporate Responsibility and Regulated Issues Committee

DCMS
Department of Culture, Media and Sport

DOM
District operations manager

DPS
Dividends per share

EBITDA
Earnings before interest, taxation, depreciation and amortisation

EBMS
Executive Bonus Matching Scheme

EPS
Earnings per share

ESSA
European Sports Security Association

FTE
Full time equivalent

Gambling Act
The legislation that received Royal Assent in 2005 regarding the modernisation of the laws relating to betting and gaming within the UK

Gambling Commission
The Gambling Commission for Great Britain, the regulatory body for casinos, bingo clubs, gaming machines, betting, remote gambling and larger lotteries (including all local lotteries but excluding the National Lottery)

Gaming machines
Gaming machines operated in our shops have Category B2 and B3 content and Category C content as defined by the 2005 Gambling Act

GPT
Gross profit tax

GRA
Gibraltar Regulatory Authority

GREaT foundation
Gambling Research, Education and Treatment foundation, formerly known as Responsibility in Gambling Trust (RIGT)

Gross profit tax
A duty charged by the UK Government of 15% of a bookmaker's gross win, introduced in October 2001

Gross win
Total customer stakes less customer winnings

HBLB
Horserace Betting Levy Board

Horseracing levy
A levy attributable to bets taken on horseracing and payable to the Horserace Betting Levy Board, primarily for the purposes of augmenting prize money available for winning horses and providing certain racecourse amenities

IAS
International accounting standards

IBAS
Independent Betting Adjudication Service

IFRIC
International Financial Reporting Interpretations Committee

IFRS
International Financial Reporting Standards

KPI
Key performance indicators

LACORS
Local Authority Co-ordinators of Regulatory Services

LBO
Licensed betting office

LTIP
Long-Term Incentive Plan

MLRO
Money Laundering Reporting Officer

Net revenue
Gross win less fair-value adjustments for free bets, bonuses and goodwill gestures

Operating profit
Operating profit is now defined as pre-exceptional profit before tax, interest and amortisation of £3.6m (2009: £5.5m) relating to trade names, affiliate relationships and non-competition agreements

PBIT
Profit before interest and tax (described as operating profit in prior periods)

PSP
Performance Share Plan

RGA
Remote Gambling Association

RIGT
Responsibility in Gambling Trust

SIS
Satellite Information Services (Holdings) Limited or its subsidiary Satellite Information Services Limited, as the context requires

Sportsbook
Bets placed and accepted online on sporting and other events

TSR
Total shareholder return

William Hill Online
William Hill Online is a joint venture between William Hill and Playtech. William Hill owns 71% and Playtech 29%

William Hill or the Group
The Company and its subsidiaries or any of them, as the context may require

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