WILLIAM HILL PLC
ANNUAL REPORT AND ACCOUNTS 2014

TOWARDS A MORE DIVERSIFIED GAMBLING BUSINESS

OUR PERFORMANCE

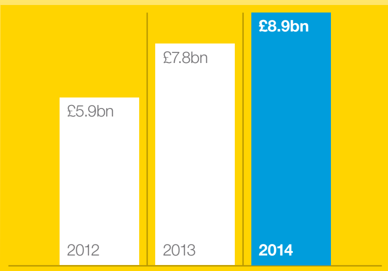
A YEAR OF PROGRESS

WILLIAM HILL IS ONE OF THE WORLD'S LEADING GAMBLING COMPANIES, PROVIDING BETTING AND GAMING SERVICES ACROSS MULTIPLE CHANNELS AND IN MANY DIFFERENT COUNTRIES, BRINGING OUR CUSTOMERS AN EXCITING AND ENJOYABLE EXPERIENCE WHEREVER AND WHENEVER THEY WANT TO BET.

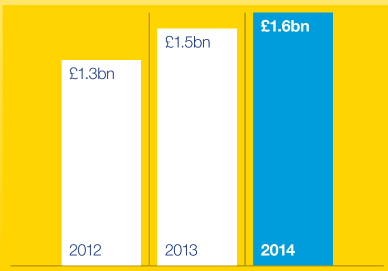
2014 WAS A RECORD YEAR FOR WILLIAM HILL WITH OPERATING PROFIT UP 11%. WE ARE SUCCESSFULLY DIVERSIFYING THE BUSINESS WITH INTERNATIONAL MARKETS INCREASING TO 18% OF REVENUES.

Find out more:
Page 18 in the 'Our key performance indicators' section

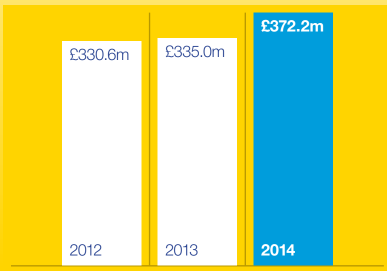
AMOUNTS WAGERED
+15%



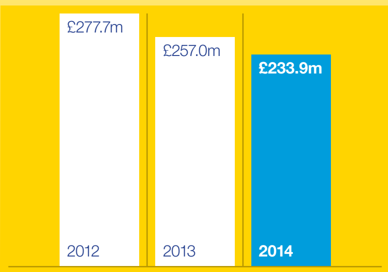
NET REVENUE[1]
+8%



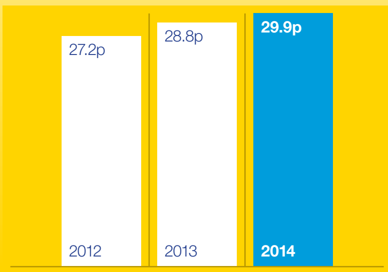
OPERATING PROFIT[2]
+11%



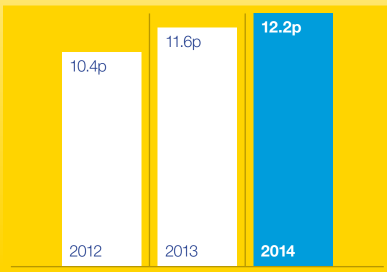
PROFIT BEFORE TAX
-9%



BASIC, ADJUSTED EPS[3]
+4%



DIVIDEND PER SHARE
+5%



[1] Net revenue is a term equivalent to the Revenue defined by the statutory accounts on page 95.
[2] Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, and the amortisation of specific identified intangible assets recognised on acquisitions.
[3] Basic, adjusted EPS is based on profit for the period before exceptional items and amortisation of specific identified intangible assets recognised on acquisitions and omitted from operating profit.

OUR PROMISE

LEADING THE INDUSTRY

WE ARE ONE OF THE MOST RECOGNISED AND RESPECTED BRANDS IN THE GAMBLING INDUSTRY AND ARE INCREASINGLY TAKING A LEADERSHIP POSITION IN PROMOTING RESPONSIBLE GAMBLING.

MILLIONS OF PEOPLE ENJOY OUR PRODUCTS AND SERVICES BUT WE ARE AWARE THAT, FOR A SMALL NUMBER OF PEOPLE, GAMBLING CAN BECOME A PROBLEM.

WE ARE COMMITTED TO HELPING OUR CUSTOMERS GAMBLE RESPONSIBLY AND ARE CONTINUALLY IMPROVING THE TOOLS WE USE BOTH TO EMPOWER OUR CUSTOMERS AND TO REDUCE SUCH PROBLEMS. WE WORK HAND IN HAND WITH BOTH REGULATORS AND GOVERNMENT TO PROVIDE AN OPEN, FAIR AND RESPONSIBLE SERVICE WHEREVER WE OPERATE.

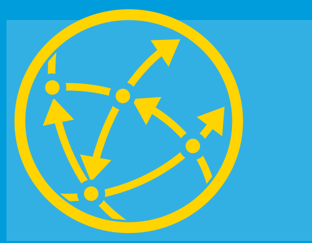
Find out more:
Page 08 in the 'CEO's Q&A' section

Find out more:
Page 32 in the 'Corporate responsibility' section

Throughout this report are images from 'Together', James Henderson's first leadership conference following his appointment as CEO. The conference was held in December 2014 and it reflects how we are bringing together our diverse and highly experienced teams from different channels and different countries to take advantage of the opportunities we have to grow William Hill and deliver greater value for shareholders.

CONTENTS

THE QUICK READ…



THE FULL CONTENT…

Pages 01 to 48 form the Strategic Report of William Hill PLC for the period ended 30 December 2014.
The Strategic Report has been approved by the Board of William Hill PLC and signed on behalf of the Board by James Henderson, CEO.

CHAIRMAN'S STATEMENT: **AN OVERVIEW FROM GARETH DAVIS**

A BUSINESS IN GREAT SHAPE

Gareth Davis
Chairman

WE DELIVERED AN 11% INCREASE IN OPERATING PROFIT[1] IN 2014, HELPED BY A RECORD-BREAKING WORLD CUP, CONTINUED GROWTH IN MOBILE REVENUES AND SUCCESSFUL INTERNATIONAL DIVERSIFICATION.

DRIVEN BY OUR COMMITMENT TO RESPONSIBLE GAMBLING, WE IMPLEMENTED THE INDUSTRY'S VOLUNTARY ABB CODE AND SUPPORTED THE RESPONSIBLE GAMBLING TRUST'S (RGT) GROUND-BREAKING MACHINES RESEARCH PROGRAMME, AND WE PLAN FOR FURTHER CHANGES IN 2015.

A record result in a year of change

I am pleased to report that William Hill has continued to perform strongly in the last year in a period of significant change for the Group and challenge for the industry.

We made further progress on our diversification strategy, with our digital businesses (Online and William Hill Australia) increasing to 40% of Group net revenue[2] (2013: 36%) and with international markets increasing to 18% of Group net revenue[2] (2013: 15%). Online's performance benefited from strong growth in both mobile gaming and sports betting net revenue. William Hill Australia has undergone significant change in terms of its management, operations, marketing, user experience and product range to increase its competitiveness in this attractive market and commencing rebranding as William Hill in 2015 is another key step. Retail remains resilient, with profit declining only slightly despite weaker sporting results, with good cost control demonstrated. William Hill US outperformed our expectations and we continue to watch with interest the potential for legal changes in that market.

Corporate responsibility and governance

The gambling industry has attracted a lot of attention in recent times, particularly in relation to gaming machines and problem gambling. We have taken an active and leading role in improving responsible gambling measures in 2014, particularly in helping to shape the industry's voluntary Code for Responsible Gambling, supporting the RGT's two-year research programme and being a founder member of the Senet Group as an independent industry oversight body.

The Board continued to demonstrate good governance and during 2014 we completed a successful transition to James Henderson as our new CEO, taking over from Ralph Topping. James has outlined the Group's priorities for continuing our strategic evolution which the Board fully supports. I am confident James's 30 years' experience across all parts of the Group gives him a unique insight as he leads our next stage of growth.

Outlook

Looking ahead, while we face significant additional indirect tax costs in 2015 with the introduction of the Point of Consumption Tax (POCT) and a rise in Machine Games Duty (MGD) in the UK and increased race field fees in Australia, we are well positioned to continue to gain share in our key markets, in particular as the UK online market evolves following the introduction of POCT. Our priorities for 2015 and beyond are to maximise the omni-channel potential of our UK customer base, to take advantage of growth opportunities in international markets and to evolve our technology infrastructure to support these growth strategies.

On behalf of the Board, I would like to record our thanks to our William Hill colleagues for their continued commitment to high responsibility standards, to customer service excellence and to innovation at a time of significant change for the Group.

Find out more:
Page 49 in the 'Governance' section

Find out more:
Page 18 in the 'Our key performance indicators' section

[1] Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, and the amortisation of specific identified intangible assets recognised on acquisitions.
[2] Net revenue is a term equivalent to the Revenue defined by the statutory accounts on page 95.

OUR BUSINESS AT A GLANCE

THE HOME OF BETTING

WE OFFER OUR CUSTOMERS A WIDE RANGE OF SPORTS BETTING AND GAMING LEISURE OPPORTUNITIES WHENEVER AND WHEREVER THEY WANT TO GAMBLE.

OUR BUSINESSES

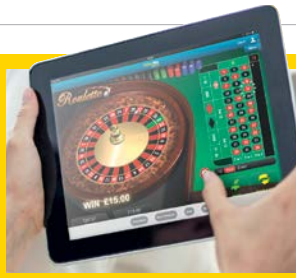
RETAIL

We are the UK's leading operator of Licensed Betting Offices (LBOs)[1] with 2,362[2] of the c9,000 LBOs overseen by the Gambling Commission. We offer both betting (49% of net revenue) and gaming (51% of net revenue), with the key products being horseracing, football, greyhound racing and electronic gaming.

#1
Market position

26%
UK market share by number of LBOs

Find out more:
Page 24 in the 'Divisional overview' section



ONLINE

Our Online business is the leading provider of online betting and gaming to UK customers by revenues, with 15% market share[3]. We provide in-play and pre-match betting (48% of net revenue) with the most popular sports being football, horseracing and tennis. We also provide gaming on casino products (45% of net revenue), poker (3%) and bingo (4%).

#1
Market position

15%
UK market share by revenue

Find out more:
Page 26 in the 'Divisional overview' section

AUSTRALIA

We acquired Sportingbet, Centrebet and tomwaterhouse.com in 2013 and consolidated them to create William Hill Australia. We provide online pre-match sports betting in Australia and are the third largest operator by net revenue[4].

#3
Market position

21%
Australia online sports betting market share by revenue[4]

Find out more:
Page 28 in the 'Divisional overview' section

US

We acquired three small operators in 2012 and consolidated them to create William Hill US. We provide land-based betting in casino-based sports books and on mobile devices in Nevada and are also the exclusive bookmaker to the Delaware State Lottery. We are the largest operator of sports books in Nevada with 55% market share by number of outlets[5].

#1
Market position

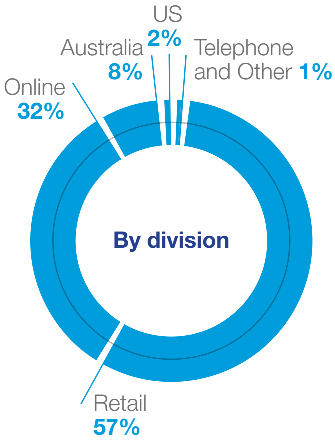
55%
Nevada sports betting market share by number of sports books[5]

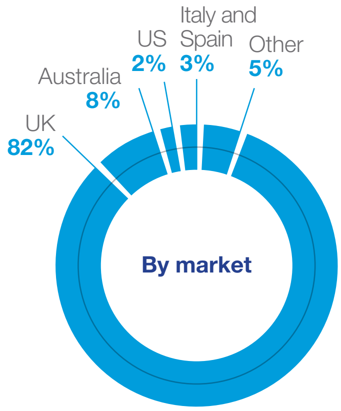
Find out more:
Page 29 in the 'Divisional overview' section

[1] Gambling Commission, Gambling Industry Statistics (April 2009 – March 2014).
[2] As at 30 December 2014.
[3] Gambling Compliance, UK Online Gambling: Data Forecasting and Market Shares (September 2014).
[4] Macquarie Research (September 2013).
[5] Nevada Gaming Control Board.
[6] Online and William Hill Australia active customers in 2014.

BREAKDOWN OF 2014 REVENUES

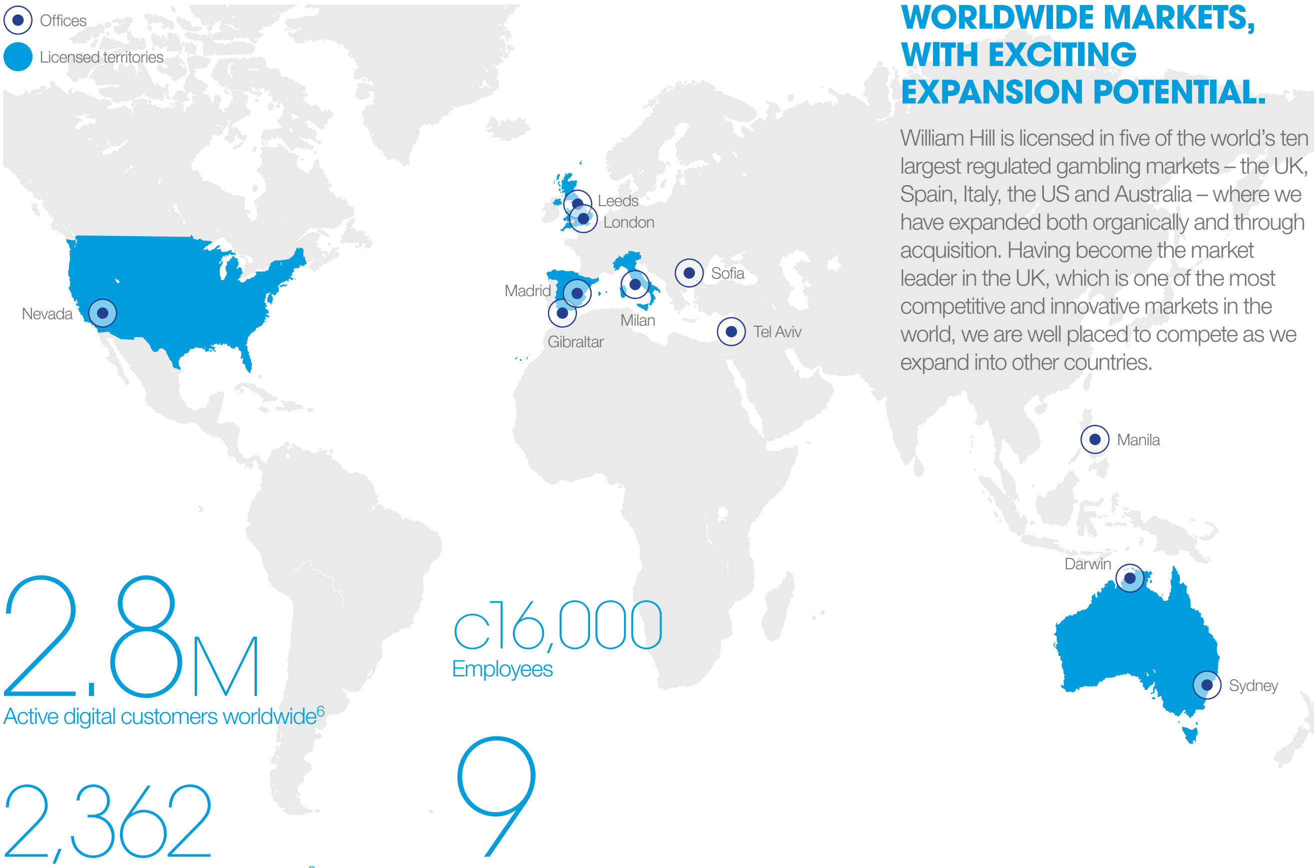
We are continuing to diversify our revenues by bringing our expertise in both land-based and digital betting and gaming to bear in markets outside the UK, including land-based betting in Nevada and online and mobile betting in Australia.





WORLDWIDE MARKETS, WITH EXCITING EXPANSION POTENTIAL.

William Hill is licensed in five of the world's ten largest regulated gambling markets – the UK, Spain, Italy, the US and Australia – where we have expanded both organically and through acquisition. Having become the market leader in the UK, which is one of the most competitive and innovative markets in the world, we are well placed to compete as we expand into other countries.



2.8M
Active digital customers worldwide[6]

c16,000
Employees

2,362
Licensed betting offices in the UK[2]

9
Countries where we have a presence

OUR BUSINESS MODEL

HOW WE CREATE VALUE

OUR OBJECTIVE IS TO DELIVER SUPERIOR SHAREHOLDER RETURNS BY LEVERAGING OUR CORE CAPABILITIES IN BOTH THE UK AND SELECTED INTERNATIONAL MARKETS.

BETTING AND GAMING ACTIVITIES ARE THE CORE OF OUR BUSINESS MODEL, WITH INDIVIDUALS STAKING MONEY ON THEIR OPINION OF A LIKELY OUTCOME OF AN EVENT OR ON THE CHANCE OF A GAMING OUTCOME.

WE OFFER A VAST RANGE OF DIFFERENT BETTING AND GAMING PRODUCTS ACROSS DIFFERENT CHANNELS AND IN DIFFERENT COUNTRIES WITHIN A RESPONSIBLE GAMBLING FRAMEWORK TO DRIVE SUSTAINABLE VALUE FOR OUR SHAREHOLDERS.

INPUTS

Financial
Through funds generated by our operations or provided by shareholders, bondholders and other debt providers, we operate, invest in and expand our business both organically and through acquisition.

Intellectual
We invest in both clever thinking and the best technology to innovate and differentiate ourselves and the William Hill brand from our competitors' offerings. We use our customer insight to continuously refine our products and services.

Human
The Board provides strategic leadership of the business. The passion, commitment and innovation of our employees across both land-based and digital operations creates our culture and makes William Hill one of the most trusted gambling brands.

Relationships
We work closely with industry members, business partners, regulators and governments around the world to ensure we both comply with and increasingly lead the way in responsible gambling.

OUTPUTS

Financial
We aim to generate shareholder returns through both increased share value and dividends. Our scale also gives us the financial depth to ride out short-term fluctuations in sporting results. We also contribute to society through the specific gambling and general corporate taxes we generate.

Intellectual
We ensure our employees, our technology and our work with regulators maintain our position as one of the leaders in responsible gambling.

Human
As we invest in and expand the William Hill brand both in the UK and internationally, we create employment and development opportunities for our people and make a positive contribution through our social and community activities.

Relationships
Our customer relationships, smart thinking and technology enable us to use data and trends to help identify and tackle problem gambling behaviours but also to maintain strong customer relationships with the vast bulk of our customer base who enjoy a harmless flutter.

THE HOME OF BETTING

William Hill has been providing betting services for more than 80 years. Over time, we have diversified to offer gaming as well as betting, to provide our services through digital as well as land-based channels and to introduce our products in countries outside the UK.

Customers

We have established market positions in several territories. As regulations change around the world, opportunities are opening up for us to take our betting and gaming skill set into new territories, reaching out to a wider customer base with our innovative and competitive offerings.

Omni-channel

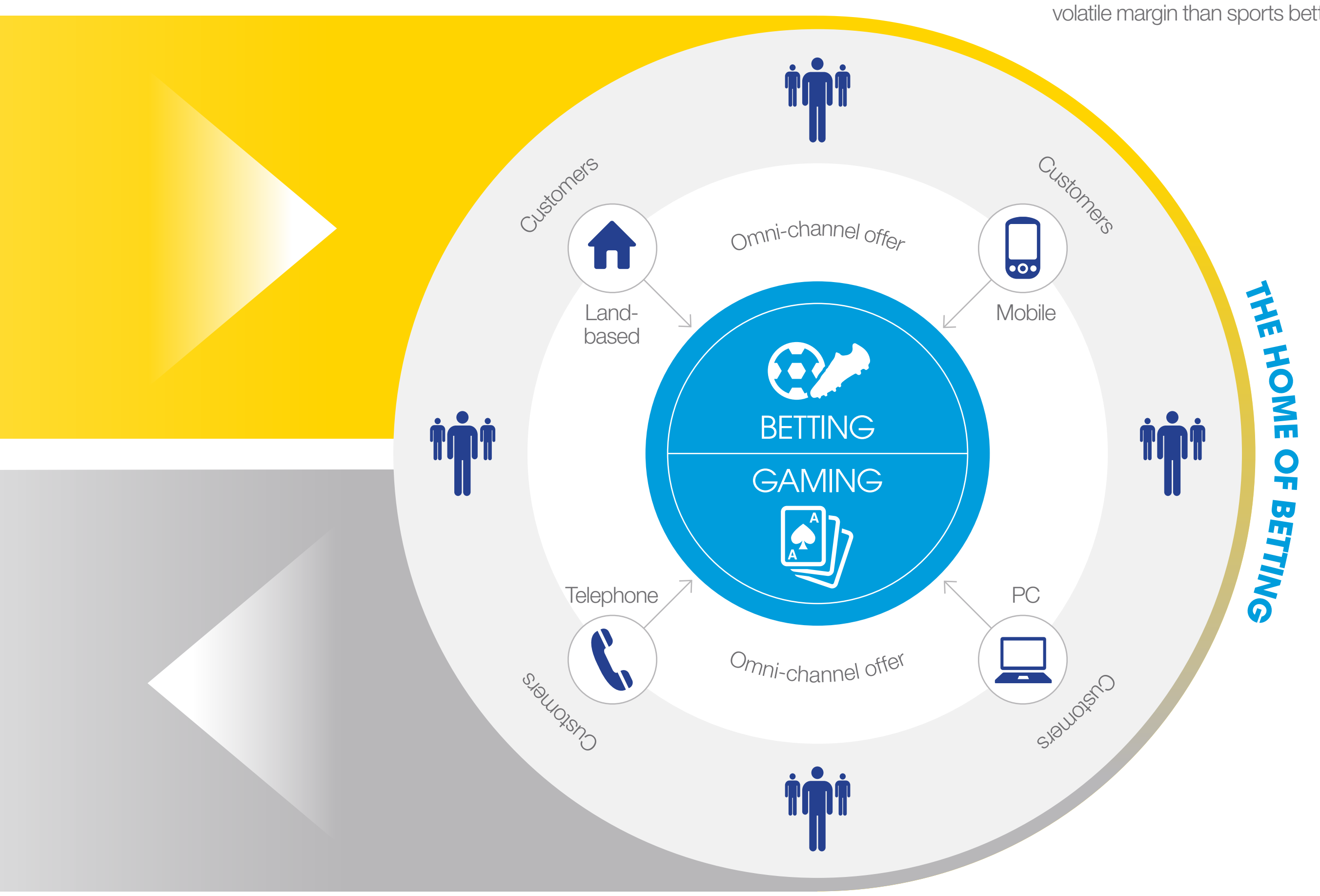
Our different land-based and digital channels enable customers to access our products wherever and whenever they want to gamble, offering a more social experience in Retail or a quick and easy bet on their mobile devices.

Betting

Our customers primarily come to us through sports betting, where we build an anticipated margin into the offer price. We constantly evolve our betting product range to be relevant to our customers, providing betting opportunities they can't find elsewhere.

Gaming

Gaming is constantly available and extends the opportunity for customers to use our products in between betting events. We build a margin into our gaming products. Gaming outcomes are randomly generated and more frequent and so operate at a less volatile margin than sports betting.



CEO'S Q&A:
A CHAT WITH JAMES HENDERSON

LOOKING TO THE FUTURE

JAMES HENDERSON BECAME OUR NEW CHIEF EXECUTIVE OFFICER ON 1 AUGUST 2014.

HERE HE SETS THE SCENE ON WHERE WILLIAM HILL IS TODAY, OUTLINES THE EXCITING TIMES AHEAD FOR THE GROUP AND DISCUSSES THE IMPORTANCE OF HAVING RESPONSIBLE GAMBLING AT THE HEART OF THE BUSINESS.

James Henderson
Chief Executive Officer

Q James, you've been with the Group for 30 years. How do you see William Hill today?

I'm fortunate to have worked in almost every part of the Group in the last 30 years. The pace of change in the gambling sector – and at William Hill specifically – has accelerated hugely in the last decade. Digital has really broadened our horizons and we've responded to that opportunity. We've gone from being a land-based, UK-centric business to one of the world's leading betting and gaming companies. And we have some of the best people in our industry working on that transformation.

International opportunities are particularly interesting. We've been very focused on strengthening Online, then moving onto the US, Italy, Spain and Australia. Now is a good time to lift our heads and look at other opportunities. In some cases, like the US, we just don't know what regulation may look like but we're well positioned for whatever happens so as not to get caught flat-footed. What's important is to have flexibility in our technology and to have a team of experts looking for those right opportunities.

Q What makes you think William Hill can compete internationally?

Looking across the world, William Hill stands out as a rare example of a land-based market leader that has successfully transitioned into digital market leadership while maintaining market leadership in retail. You can't overstate the enormity of the change that happened in the Group to achieve that. It means we have the scarce asset of a team that understands and is responding to the very different challenges of land-based and online. So the more that regulations liberalise to allow us to provide our full offering – as in Italy, for instance – the more that favours us competitively.

Whether it's through acquisitions or organically, we've got a strong track record of generating value – from the Stanley acquisition to creating William Hill US to gaining a top three position in both Italy and Spain. William Hill Australia is now properly equipped to compete and I'm confident it will prove a good acquisition in a very attractive market. In many markets, the regulators also respond positively to us because we have a strong track record in encouraging responsible gambling.

Find out more:
Page 10 in the 'Our strategic priorities' section

Q Making technology one of your three priorities is a brave move. Why is it important?

Technology is the foundation on which everything else sits. It underpins so much of what we have already achieved and what we want to deliver going forward. We've built Online by both in-sourcing the best third-party software and developing our own proprietary systems. We're continuing to do that while increasing our self-reliance by stepping up the development work we do internally.

Today, we've got different business platforms for Retail, Online, the US and Australia. Over time, that may slow us down and it will restrict our options so it's time to look at this very carefully in technology terms. The right technology approach will facilitate all our goals – differentiating and personalising what we offer our customers, opening up Retail to all those Online innovations, bringing our vast product range seamlessly to Australia and the US, allowing us to integrate acquisitions faster and giving us wider options for international expansion, for example through business-to-business deals.

"WHILST WE FACE CHALLENGES AS AN INDUSTRY, THERE ARE ALSO PLENTY OF OPPORTUNITIES TO KEEP STRENGTHENING WILLIAM HILL."

Q What would you say is the biggest challenge you're facing?

Regulatory change is always our biggest opportunity and our biggest threat. Managing this is about having the right approach to responsible gambling and an open, proactive and collaborative way of engaging with governments, regulators, the wider industry and anyone concerned about what we do and how we do it. We've always been a responsible company and that ethos sits at the heart of our operations. That's not just about compliance. As a company and as an industry, we need to keep learning, to keep improving and – most importantly – to keep communicating. If there's one criticism I have of us and the industry it's that a lot of the good work we've done has gone unnoticed. I've made improving communication a priority for William Hill.

Our industry makes a positive contribution to society, not only through the jobs we generate and the economic contribution we make but also through our social contribution.

Gambling is a basic human instinct and it's going to happen whether we like it or not. The advantage of having a regulated industry is the transparency and control it gives to government and through them, to society. What we all want is to be able to make decisions on the basis of good quality data. That's why research such as that reported on by the Responsible Gambling Trust last December is so important, because it takes the whole debate forward in a productive manner to enable us to make changes – and for governments to set policy – based on facts, not opinion.

Find out more:
Page 30 in the 'Corporate responsibility' section

Q What changes culturally at William Hill with you in charge?

There's a lot about our culture that's already right. We've got some of the most passionate, committed and excited people in our industry working at William Hill. And we've been able to attract great talent from other industries because we're about entertainment, we're about innovation and, let's be honest, we're surrounded by sport every day!

When you're looking to change, adapt and innovate as quickly as we are, you need a culture that doesn't stand in the way but actively supports and encourages it. You can't do that dictating from the top. You've got to be collaborative, you've got to trust people and you've got to be prepared to fail. If you're not failing often enough, you're probably not pushing far enough.

OUR STRATEGIC PRIORITIES

LONG-TERM VALUE DRIVERS

"OUR STRENGTHS ARE IN BOTH LAND-BASED AND DIGITAL OPERATIONS IN REGULATED MARKETS. AS THESE MARKETS INCREASE OUR EXPOSURE TO THE RISK OF REGULATORY AND INDIRECT TAX HEADWINDS, WE ARE BUILDING A DIVERSIFIED BUSINESS BY GROWING DIGITAL AND INTERNATIONAL REVENUES."

Our strategy is to increase the diversification of the Group's revenues by growing our digital and non-UK revenues. We have three strategic priorities to deliver further shareholder value. These have evolved out of our previous strategy and take us into our next stage of growth.

INCREASED DIFFERENTIATION THROUGH TECHNOLOGY

We are already successfully differentiating our customer offering through product expansion and our high-quality user experience. By optimising the mix of in-house and third-party technology, we can differentiate further and bring customers an exclusive William Hill experience whether on their smartphone or tablet, online or in our shops.

MAXIMISING THE OMNI-CHANNEL POTENTIAL OF RETAIL AND ONLINE

Our UK customers are increasingly using both digital and land-based channels to bet. With the largest number of betting shops in the UK[1] and as the leading digital operator[2], we have a unique opportunity to drive towards a 'one customer' proposition, a consistent William Hill experience across all our channels.

EXTENDING OUR EXPERTISE INTO INTERNATIONAL MARKETS

We have built an innovative and highly competitive offering to UK customers. As regulations change and markets open up, we are taking that offering into other regulated markets. By diversifying our revenue streams, we are increasingly reducing our exposure to tax and regulatory change in any single market.

[1] Gambling Commission, Gambling Industry Statistics (April 2009-March 2014)
[2] Gambling Compliance, UK Online Gambling: Data Forecasting and Market Shares (September 2014)

Increased differentiation through technology

I know a lot of people won't think of technology as one of William Hill's strengths. In fact, our own technology systems have been a key driver of our revenue growth in recent years.

Our sports betting event creation and pricing platform, for instance, is largely proprietary and has been a key component of Sportsbook revenues growing at a compound annual growth rate of 43% over the last five years. Our Vegas platform performance has recently been outstanding too, with revenues growing 68% in 2014.

We want to further increase the elements of our technology that we control. Relying on the same systems as our competitors means everybody's customers getting the same experience – if you want to differentiate, you have to reduce reliance on shared third-party technology.

While we continue to work with the best software providers, we are also confident in developing our own solutions and have already moved towards greater self-reliance.

"I BELIEVE WE HAVE THE AMBITION, THE COMPETITIVE INNOVATION AND THE INDUSTRY-LEADING EXPERTISE TO BUILD WILLIAM HILL INTO 'THE' INTERNATIONAL GAMBLING BUSINESS."

Controlling more of our technology will also speed up our delivery of new innovations to customers, protect our intellectual property and give us greater flexibility to provide different offerings into international markets, including business-to-business or business-to-government solutions.

Maximising the omni-channel potential of Retail and Online

Over the last several years, we have seen an expansion of the total UK customer base, with digital betting creating access opportunities for customers who would not naturally have walked into a betting shop. The addressable market has grown from 6 million customers in 2010 to c8 million[1] in 2014.

The other developing trend is for customers to use more than one channel. In 2010, 13% of customers were multi-channel. Today, that's 20%, and it's particularly important for the newest generation of bettors, with around 30% of 18 to 34 year olds using both retail and online channels[1].

As with other industries, there's clear evidence that multi-channel customers are inclined to spend more and can drive higher yields, higher retention rates and lower cost per acquisition across our customer base. It's also a big competitive advantage for William Hill: we've got a UK retail footprint that is bigger than anyone else's, which will be increasingly difficult to replicate, and we're number one in online with a broad product range, which makes the perfect combination.

Our strategy is about driving to a 'one customer' proposition, giving the William Hill customer a more consistent experience and a high level of product through technology wherever and whenever they bet with us.

Extending our expertise into international markets

We've built our business in servicing customers in one of the most innovative and competitive markets – the UK. As a result, we're very well placed to compete internationally and to leverage our competitive strengths in other markets.

Today, our focus is on five regulated gambling markets that are among the world's ten largest and we track regulatory changes to identify further opportunities.

We are flexible in our approach. We entered Italy and Spain organically, with a strategy to gain market share through substantial investment in marketing; we're now heading towards break-even in those two markets. In Australia, we made large-scale acquisitions to establish a leadership position in an already very concentrated market, with a view to using our digital experience to bring a competitive offering to Australian sports betting customers and grow market share. In the US, we consolidated three small acquisitions to create William Hill US and put us in a position to capitalise on legal and regulatory change in whatever form it takes. Through our technology strategy, we will also build flexible systems to support provision of third-party services or bolt-on acquisitions.

[1] Kantar Market Sizing Tracker Q1-Q4 2014.

JAMIE

"PROJECT TRAFALGAR IS A NEXT-GENERATION WEB-PLATFORM GIVING US REAL VELOCITY AROUND ROLLING OUT INNOVATIONS."

Jamie Hart
Group Director of Innovation & Customer Experience

PUTTING TECHNOLOGY AT THE HEART OF OUR BUSINESS

FLEXIBILITY THROUGH TECHNOLOGY

THROUGH TWO KEY TECHNOLOGY PROJECTS, WE ARE CHANGING THE WAY WE MANAGE THE CUSTOMER-FACING END OF OUR BUSINESS AND HOW WE BRING OUR EXTENSIVE PRODUCT RANGE TO ALL PARTS OF THE GROUP.

TERRY

"BEFORE, WE ONLY HAD TO SUPPORT ONLINE'S TRADING. NOW, WE'RE ALREADY SERVICING AUSTRALIA AND THE US AS WE WOULD A BUSINESS-TO-BUSINESS PARTNER."

Terry Pattinson
Group Director of Trading

PROJECT TRAFALGAR

We've been working on Project Trafalgar for two years now. It's changing how our Online team manages the customer-facing end of our websites by inserting an interface between the front-end website and the back-end engine. This means we need to rely less on third-party developers to make changes and, supported by agile development, can focus on rapid innovation.

We will be able to release technical updates much faster, moving from around ten a year to multiple releases in a single day. We're also unlocking our ability to deliver a single experience across multiple digital platforms, supporting our omni-channel development. Instead of building specific applications by channel – for smartphones, tablets, desktop and potentially for in-shop display modes such as the gantry, video walls, window screens and self-service betting terminals – Project Trafalgar enables simultaneous release across all platforms.

We can also learn more about our customers' use of our websites, mapping their journeys to improve and evolve our existing products as well as to launch new ones. This is a key step in further differentiating the exciting and enjoyable customer experience at William Hill.

CENTRAL FEEDS FOR TRADING

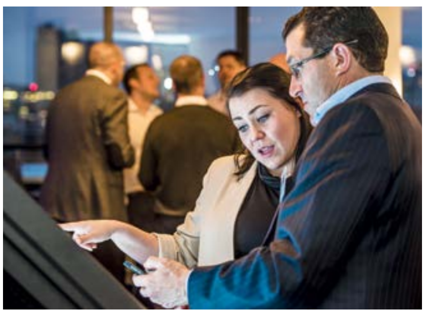
Building our own pricing and event creation platform has driven very rapid growth in Online as we've substantially expanded our product range. Now, we're building a back-office platform that will make all our product available globally.

There are several benefits to this. First, all of the Group will be able to access our vast range of markets, with the flexibility they need locally around pricing and trading. Second, we'll gain synergies from having one system that uses local experts and liquidity, helping both cost control and continual pricing of markets. For instance, any part of the Group will be able to access the local insight and input of the Nevada team on US sports and pricing of that product in the local US time zone as the games are happening. The third benefit is that this gives us more flexibility for expansion, particularly in offering a business-to-business option as part of our international expansion strategy.

NICOLA

"SHARING OUR COMPLEMENTARY SKILLS TAKES BEST PRACTICE AT WILLIAM HILL TO A NEW LEVEL TO CREATE THAT STAND-OUT ONE WILLIAM HILL EXPERIENCE."

Nicola Frampton
Director, UK Retail



DEVELOPING AN OMNI-CHANNEL OFFERING

A 'ONE WILLIAM HILL' EXPERIENCE

AS THE MARKET LEADER IN THE RETAIL AND ONLINE SECTORS IN THE UK, WILLIAM HILL HAS A UNIQUE ADVANTAGE IN TARGETING THE INCREASING PROPORTION OF MULTI-CHANNEL CUSTOMERS.

ANDY

"THIS IS AN EXCITING MOMENT – SEEING HOW MUCH MORE VALUE WE CAN CREATE BY COLLABORATING CLOSELY WITH RETAIL."

Andrew Lee
Managing Director, Online

MEETING A GROWING DEMAND

While Retail remains our largest division and the channel of choice for the majority of UK bettors, in recent years we have seen an expansion of the total betting population in the UK, helped by ease of access particularly through mobile devices.

Now, we're also seeing an increasing proportion of customers wanting to use both digital and land-based channels to gamble, particularly among the youngest customers. Our own market research demonstrates that a high proportion of our Online customers are using betting shops and around a third of our Retail customers are using online. A significant opportunity lies in ensuring that customers who are crossing over choose to cross into William Hill.

CAPITALISING ON OUR STRENGTHS

We are uniquely placed to take advantage of this trend, with the largest shop estate and a highly competitive digital offer that has made us number one in the UK. Our focus now is on evolving towards a seamless 'omni-channel' experience, removing more of the distinctions between the physical and online offering to give customers a 'one William Hill' experience.

We have already seen the benefit of co-launching or cross-launching games for our gaming machines, desktop and mobile platforms, with these games consistently outperforming single-channel games. Shared content roadmaps are becoming the norm for gaming, also enabling us to benefit further from proprietary content such as our Mayfair roulette, blackjack and baccarat products. On sports betting, we are exploring ways to make Online's vast betting range easily accessible to Retail customers, including through self-service betting terminals.

At the same time, the engaging broadcast content developed by our industry-leading broadcast team to enhance the in-shop experience is now being made available to Online customers, creating a more consistent multi-media experience. We will also bring greater consistency to the look and feel of all display interfaces, including the website and the TV gantry, increasing customer familiarity with the different channels and ease of use.

SCALE ACQUISITIONS IN AUSTRALIA

Australia is an attractive opportunity given the appetite for betting and a relatively open regulatory environment. The structural trends – online, mobile, fixed odds betting and sports betting – also play into William Hill's core strengths.

Individual market circumstances made a compelling case for a scale acquisition. First, this is already a very consolidated market, with around 70% of turnover concentrated in three major operators – Tabcorp, Sportsbet (owned by Paddy Power) and now William Hill Australia. Second, it's getting more competitive, both with new entrants and with customers becoming more savvy. Third, costs are going up, including payments to the racing industry.

William Hill has a great opportunity in Australia. Owning our technology gives us much more flexibility than the competitors. Leveraging the wider Group resources means we can run a very efficient operation and we can benefit from tried and trusted innovations from Online. Moving quickly is critical and buying at scale puts us in a great position to make the most of those assets.

BUILDING OPTIONALITY IN THE US

William Hill US was created through the acquisition and consolidation of three sub-scale operators into a broader business. Today, it is a small but important part of the Group, having benefited from the William Hill brand, product range and investment to become a growing and increasingly profitable division.

Its significance is far in advance of its scale today, though, as this business gives us a platform from which to take advantage of regulatory change in the US. While it remains unclear as to what form that change will take or over what timeframe, we have focused on creating optionality.

This comes from William Hill having an established and recognised brand name, a licensed operation – with all the trust and confidence that comes from having undergone such rigorous probity checks – and being part of the ongoing dialogue about the potential for regulation of online gaming or land-based and/or digital sports betting.

TOM

"WILLIAM HILL AUSTRALIA HAS THE ADVANTAGE OF SCALE AND MOMENTUM TO FACE THE CHALLENGES IN THE AUSTRALIAN MARKET."

Tom Waterhouse
CEO, William Hill Australia

JOE

"IF LAND-BASED SPORTS BETTING LEGISLATION CHANGES IN THE US, I BELIEVE NO-ONE IS AS WELL-PLACED AS WILLIAM HILL TO TAKE ADVANTAGE OF THE MASSIVE OPPORTUNITY THAT PRESENTS."

Joe Asher
CEO, William Hill US

EXPANDING OUR GLOBAL FOOTPRINT

DIVERSIFYING OUR REVENUES

WE ARE TAKING DIFFERING APPROACHES TO INTERNATIONAL EXPANSION IN DIFFERENT MARKETS, FROM ORGANIC EXPANSION IN ITALY AND SPAIN TO ACQUISITIONS IN THE US AND AUSTRALIA.

OUR KEY PERFORMANCE INDICATORS

HOW WE PERFORMED

INDICATORS OF STRATEGIC PROGRESS

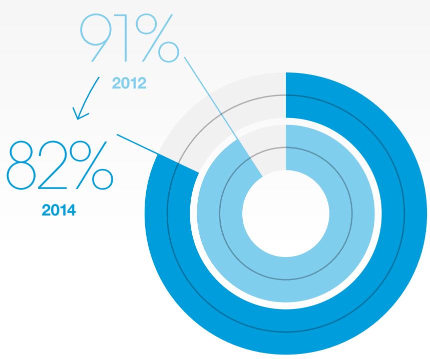
Our strategy is to increase the diversification of the Group's revenues by growing our digital and non-UK revenues. The strategic priorities outlined on page 10 are our focus for continuing to progress this goal. Since 2014, senior management's long-term incentive plans have been linked to achievement of this strategy, with 25% of awards assessed against three of the revenue-related business performance measures shown below.

We have made good progress against our diversification strategy over the last three years. Since 2012, we have increased the proportion of non-UK revenues from 9% to 18% of Group revenue with the development of our businesses in Italy, Spain, Australia and the US. Our successful transition into mobile has driven strong Online growth, with mobile Sportsbook revenues up 48% and mobile gaming revenues up 117% in 2014. Within William Hill Australia, digital revenues grew 8% in 2014 on a pro forma local currency basis.

Given the volatility in our revenues driven by the ebb and flow of sporting results, we do not provide specific forecasts for our KPIs. However, our goal is to grow ahead of market rates in each of our key territories, which is discussed in the 'Regulation and our marketplace' section on page 20.

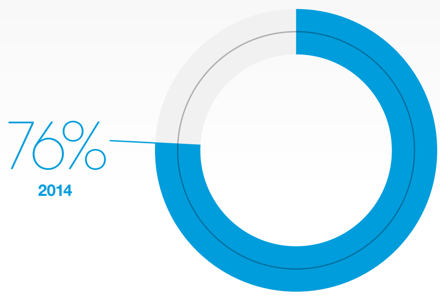
International diversification

A DECREASING RELIANCE ON UK DERIVED REVENUE 2012 vs 2014



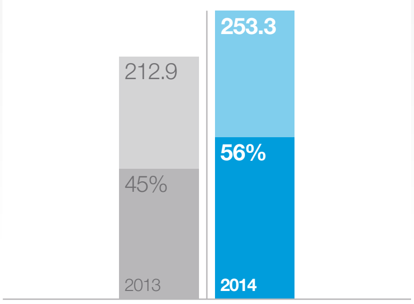
Digital and international diversification

DIGITAL AS A PERCENTAGE OF AUSTRALIA REVENUES[5]



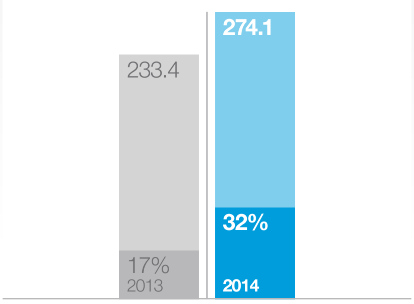
Digital diversification

INCREASING MOBILE AS A PERCENTAGE OF SPORTSBOOK REVENUES



Digital diversification

INCREASING MOBILE AS A PERCENTAGE OF ONLINE GAMING REVENUES

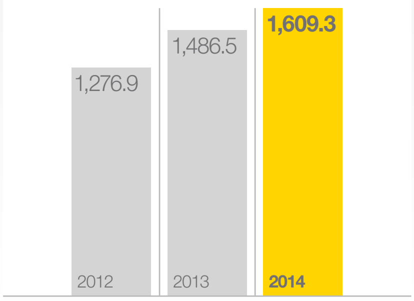


[1] Net revenue is a term equivalent to the Revenue defined by the statutory accounts on page 95.
[2] Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, and the amortisation of specific identified intangible assets recognised on acquisitions.
[3] Basic, adjusted EPS is based on profit for the period before exceptional items and amortisation of intangible assets recognised on acquisitions and omitted from operating profit.
[4] Sportingbet was acquired on 19 March 2013 and tomwaterhouse.com was acquired on 12 August 2013.
[5] 'Digital' in relation to Australia is defined as revenues generated outside the BDM business (see glossary).
[6] Adjusted for Machine Games Duty and William Hill Australia part-year ownership.

GROUP KPIs

Net revenue[1] (£m)

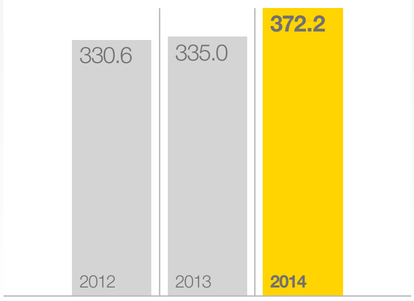
+8%



Net revenue is the key indicator of the Group's top line growth, being the revenue retained from the amounts staked after paying out customer winnings and deducting free bets and, in 2012 and 2013, VAT relating to the gaming machines. Group net revenue increased by 8% in 2014, with all the major divisions recording growth in net revenue. This performance also included a full year of revenues from William Hill Australia[4]. On a pro forma basis, Group net revenue grew 6%[6].

Operating profit[2] (£m)

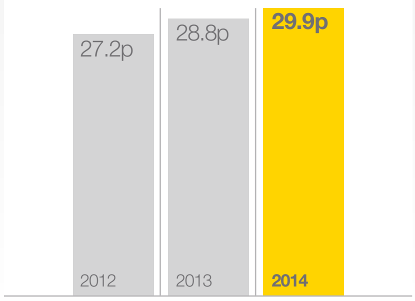
+11%



Operating profit is a key indicator of the Group's success in delivering top line growth while controlling costs. Online saw strong growth in mobile gaming and sports betting. Retail saw growth in gaming but over-the-counter revenues were impacted by less positive sporting results year-on-year. Retail costs were well controlled with just 0.2% growth. William Hill Australia operating profit[2] more than doubled, benefiting from revenue growth, consolidation synergies and operational efficiencies, as well as a full period of ownership. Telephone was marginally loss making and William Hill US grew with strong wagering growth and beneficial sporting results.

Basic, adjusted earnings per share[3] (p)

+4%

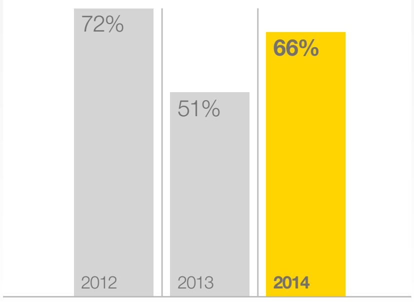


Basic, adjusted earnings per share (EPS) is a key indicator of the Group's growth after allowing for all costs, including interest and tax, but excluding exceptional items and amortisation from specific acquisitions. The growth in EPS reflects the operating profit[2] growth, and a cessation of minority interest deductions, offset by an increased effective tax rate, which rose to 20% in 2014, a more normalised level than in 2013 which benefited from changes to the corporation tax rate by the UK Government. The weighted average number of shares also grew, reflecting the rights issue in 2013 and other share issues through the year.

CORPORATE RESPONSIBILITY KPIs

Employee engagement participation (%)

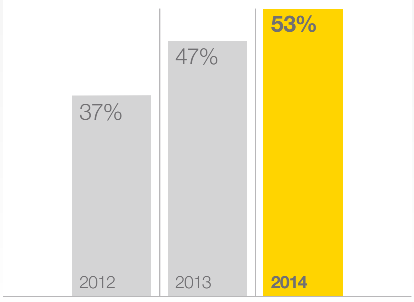
+15 ppts



This KPI reflects the proportion of our colleagues who participate in our annual employee survey, HOME Truths, which is a key measure of our colleagues' satisfaction in working for William Hill and highlights areas we can address to improve. In 2014, 10,000 colleagues participated against 8,825 in 2013. We saw an improvement in our overall engagement index scores and were particularly encouraged to see a significant improvement in the percentage of colleagues who feel management has communicated a vision of the future to them.

Retail net promoter score (NPS) (%)

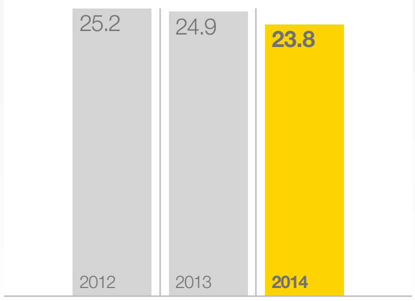
+6 ppts



This KPI addresses the overall satisfaction of our Retail customers with their experience of our LBOs, reflecting the quality of our customer service, product range and in-shop experience. The net promoter score is based on customers' likelihood of recommending our LBOs. In 2014, the net promoter score increased again, to 53%, benefiting from a strong focus on communication with colleagues on the importance of NPS in new customer acquisition and growing market share, with clear minimum standards targets.

Community contributions (£m)

-4%



This KPI reflects our financial contribution to responsible gambling and our support for other related organisations and industries, some of which are heavily reliant on the success of our industry. It incorporates our annual donations to the Senet Group and to the Responsible Gambling Trust (RGT) to fund research, education and treatment of problem gambling. It also includes levies on our UK Retail horseracing and greyhound racing revenues to support those two industries, sponsorships of other sports and charitable donations, including matched donations for colleagues' fundraising efforts. In 2014, charitable donations amounted to £1.2m, including £940,330 to the RGT and £40,295 in matched funding.

REGULATION AND OUR MARKETPLACE

CHANGING TIMES

WORLDWIDE, LOCAL CULTURAL DIFFERENCES AND THE IMPACT OF INDIVIDUAL STATE REGULATION LED TO THE GAMBLING INDUSTRY DEVELOPING AS CLEARLY SEPARATE MARKETS, EACH OFTEN DOMINATED BY A SMALL NUMBER OF LOCAL LAND-BASED OPERATORS.

WHILE LAND-BASED BUSINESSES CONTINUE TO DOMINATE, THE EMERGENCE OF A DIGITAL INDUSTRY IS RADICALLY CHANGING THE FACE OF THE GLOBAL GAMBLING INDUSTRY, DRIVING REGULATORY CHANGE IN MANY COUNTRIES AND OPENING THE OPPORTUNITY FOR INTERNATIONAL EXPANSION AND THE DEVELOPMENT OF SCALE GLOBAL OPERATORS.

The global gambling industry

Internationally, the gambling industry takes many forms, from government-run operations to licensed monopolies or open commercial markets, even to an outright ban on gambling. The wide range of products available to consumers – including lotteries, sports betting, casino games, bingo and poker – are available in many different formats, from land-based clubs, pubs, casinos, betting shops and race tracks to digital gambling via a desktop, smartphone or tablet.

Land-based activities remain the format of choice for most gambling customers across all the leading countries by gambling revenues. Online gambling first started in earnest in 1998 and mobile gambling has become more prominent in the last five years with the advent of smartphone and tablet technology.

In many countries, gambling regulations were originally designed with land-based operations in mind. With the advent of digital gambling, overcoming physical borders, many governments are moving to update their regulations to take account of online and mobile gambling.

This is creating opportunities for companies – such as William Hill – who have built a successful digital business, particularly as many land-based incumbents have struggled to capitalise fully on the digital opportunity because of the hurdles in terms of technology and expertise. It is an advantage for those who have become successful in the UK market as the competitive intensity in this liberalised market has driven high levels of innovation that are proving attractive in other markets.

Against this backdrop, the importance of scale is increasing, in terms of the breadth, depth and sophistication of the customer offering, the scale of marketing investment, the cost of investments in technology and core capabilities such as sports betting trading, and the ability to absorb the impact of regulatory changes or new taxation. The fastest growing products today are supported by innovations in technology, which are also becoming key to differentiation. Innovations such as in-play betting and mobile gambling have been key drivers of market growth, innovations which require significant investment and know-how.

Regulated markets

Regulation brings significant benefits. In addition to the tax revenues generated and the employment created, it provides a fair and open system for customers, reduces crime, protects the vulnerable whether helping those experiencing problems or preventing the underage from gambling, and it provides transparency to support sports integrity.

For the companies, it gives greater clarity on revenues and, as much as possible, a level playing field for competition.

In many regulated markets, responsible gambling is at the heart of government regulations. In the UK, for instance, protecting the vulnerable is one of three core objectives for the licensed industry. The level of attention on companies' effectiveness in this area is increasing and it is critical to have strong responsible gambling measures embedded in the heart of the Group's operations when pursuing growth in regulated markets.

As regulations are changing, gambling law is not always clear. In Europe, for instance, some local country laws are at odds with the European legislation that permits the freedom of movement of goods and services.

William Hill's strategy is to invest in regulated markets where we can take a licence and do so profitably, and approximately 83% of Online's revenues are generated from these markets. As the legal picture is evolving, we have undertaken a thorough review, country by country, to have a clear legal risk-assessed position on each of the markets from which we generate revenues.

The three Gambling Commission objectives are enshrined in our operating policies and procedures for Retail and Online.

- → 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.
- → To protect children and other vulnerable persons from being harmed or exploited by gambling.

Our key markets: The UK

The UK is William Hill's primary market, representing 82% of Group-wide net revenue.

Around 70% of the UK adult population participates in gambling each year. An estimated 8 million people use licensed betting offices (LBOs), online or mobile devices for betting and gaming, equivalent to 17% of the UK adult population[2]. This has increased over time, with the National Lottery and TV advertising making gambling more socially acceptable as a leisure activity while digital devices are making the product more accessible.

During the period April 2013 to March 2014, the British gambling industry generated a gross gambling yield of £6.8bn, a rise of 6%. This covers the industry as regulated, at that point, by the Gambling Commission. As such, it excludes much of the UK gambling industry which operates from a number of other jurisdictions, notably Gibraltar.

UK retail

The National Lottery is the largest product in the gambling sector, operated from 38,000 outlets. LBOs are the second largest segment, generating £3.2bn of gross gambling yield in 2013/14. Between 2009 and 2013, LBO gross gambling yield grew at a compound annual growth rate (CAGR) of 3%, with William Hill growing at 3% CAGR in the same period.

LBOs were first legalised in 1961 when the Government recognised that significant levels of gambling were happening outside race tracks and elected to tax, regulate and control the industry through licensing. Over the years, gradual regulatory change has permitted LBOs to broadcast sports events, to open for longer and to provide a more welcoming shop environment. Evolving customer habits have led to bookmakers offering a wider range of betting and gaming products than ever before, with football betting and machine-based gaming proving increasingly popular with customers.

Despite this more benign regulatory environment, the number of betting shops has stayed relatively stable over the last five years at around 9,000, having peaked at c16,000 in the 1970s.

The market continues to consolidate slowly, with four major operators (86% of the market) continuing to open shops and a gradual reduction in the number of small chains and independent operators. William Hill is the largest UK operator with 26% of LBOs and an estimated 31% of revenues.

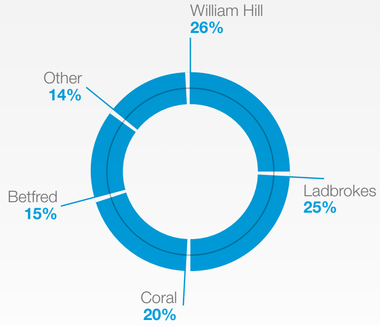
LBOs are still popular with around 79% of UK gamblers, even among the youngest customers with 79% of 18 to 24 year olds using betting shops. The customer experience is a critical driver of continued LBO usage, with shops providing a social environment and many being a hub within their local community.

The regulatory environment for LBOs last changed significantly with the 2005 Gambling Act and the regulation of gaming machines. We pay 15% gross profits tax on over-the-counter (OTC) betting. From 1 March 2015, the gross profits tax on gaming machines, Machine Games Duty, will increase from 20% to 25%. In 2014, we closed 108 LBOs as a result of this planned tax increase as they were not sustainable with this additional cost.

The British betting industry is a key contributor to the UK economy. We directly support around 38,800 full-time equivalent (FTE) jobs and generate £2.3bn towards GDP. With a number of industries reliant on ours, notably UK horseracing and greyhound racing, our total economic footprint is more than 100,000 FTE jobs and £5bn towards GDP, including contributing around £1bn a year to Treasury through direct, indirect and employee taxes.

The industry makes a positive contribution to local economies, paying c£58m in business rates a year, offering flexible working arrangements and providing a meeting place for members of local communities to take part in an enjoyable pastime. We continue to have an active dialogue with Government to encourage and support fact-based decision-making in relation to our industry, given the social and economic contribution we make to the UK.

UK market share by number of LBOs[1]



UK online

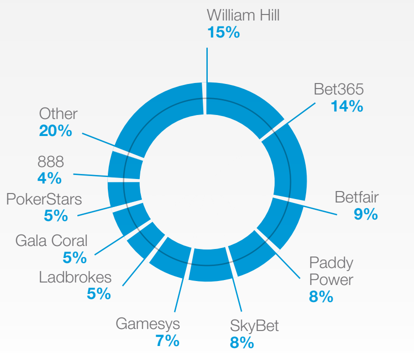
Online, including mobile, is the fastest growing segment of the UK gambling industry.

Established since 1998, the online sector's growth has coincided with an expansion of the total gambling population, suggesting online has offered access to customers who would not naturally use LBOs. In the early years, the market was served by the major land-based brands – William Hill and Ladbrokes – as the most recognised and trusted operators. The entrance of more technology-led and specialist online operators eroded the leaders' market share. In 2008, we began the strategic reshaping of our Online business and we have since recaptured our number one market position.

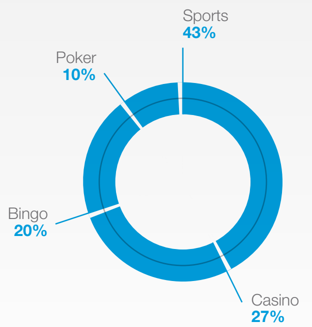
[1] Gambling Commission.
[2] Kantar Market Sizing Tracker Q1-Q4 2014.

REGULATION AND OUR MARKETPLACE

UK market share by online revenues[1]



UK online gross gambling yield by product[1]



Online was regulated by the Gambling Commission on a 'point of transaction' basis from 2007. In November 2014, the basis of regulation was changed to the 'point of consumption' and around 170 companies were licensed by the Gambling Commission. From December 2014, the licensed operators have also been taxed on that basis, with the tax set at 15% of gaming net revenue (net of free bets) and 15% sports betting gross win (gross of free bets).

The UK online market was estimated to have generated £2.3bn of gross gambling yield in 2013, of which sports betting was the biggest contributor. William Hill is the single largest operator with an estimated 15% market share by revenues. Currently, the market is relatively fragmented, much more so than in other taxed and regulated online gambling markets across the world. The introduction of the Point of Consumption Tax (POCT) is expected to lead to greater concentration in the market as smaller scale, lower margin operators fall away, become less competitive or consolidate.

In our view, sports betting has a high barrier to entry, with the most successful operators – like William Hill – benefiting from large-scale specialist teams that produce increasing volumes of innovative betting opportunities, including using proprietary algorithms to derive pricing for new markets. In our view, sports betting is the most effective product in attracting and retaining customers. It targets the largest single segment of the online gambling population, has a lower cost per acquisition, the longest customer lifespan and the best cross-selling potential as well as the greatest opportunity for product differentiation. Sportsbook customers also demonstrate greater brand loyalty with customers having, on average, four or five Sportsbook accounts but typically using two most frequently.

Mobile is arguably becoming another barrier to entry, particularly in gaming, with significant investments in technology required to support delivery of a high-quality and seamless user experience across differing access channels for customers now used to a very sophisticated desktop experience. Differentiation of the product range is also important and companies such as William Hill are increasingly sourcing exclusive and proprietary gaming content for customers.

Our key markets: **Australia**

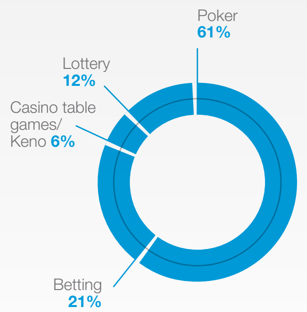
Australia is one of the most attractive gambling markets, having the highest spend per capita among the ten largest gambling countries.

Betting – or wagering as it is known locally – now accounts for 21% of the Australian gambling market at A$25bn of turnover and A$3bn of gross gambling yield a year. Total betting has grown at around 3-5% per annum, within which online has grown at around 20% per annum and is projected to continue to grow at 14% per annum[3] in 2014-2016 given the shift to mobile and high smartphone penetration rates.

Betting benefits from being the only gambling segment that is fully open to online operators and has benefited from structural growth drivers, including the shift to digital betting, to fixed odds betting and to wagering on sports as well as horseracing.

For many years, the market was dominated by land-based, pari mutuel, state monopolies. Since 2006, online has grown from c9% of the market to around one-third today, with advertising allowed since 2008. As in the UK, mobile has grown strongly, up more than 160% between 2012 and 2013.

Gross gaming yield by product[2]



Sources:
[1] Gambling Compliance, UK Online Gambling: Data forecasting & Market Shares (September 2014)
[2] Roy Morgan Research, State of the Nation (September 2014)
[3] H2GC
[4] AAMS (Q4 2014)
[5] Company estimates (Q4 2014)

Betting on sports has grown to 28% of the online market, particularly on Australian and American professional sports. However, betting continues to be dominated by racing. Online in-play betting and gaming are banned under the 2001 Interactive Gambling Act. The Productivity Commission's 2010 review made the case for changing the legislation but this has not yet been addressed. However, the increasing number of offshore sites facing into the Australian market is making this a more critical issue. Paradoxically, in-play betting is legal via a telephone.

The online betting market is already much more consolidated than in the UK, with the three leading operators – Tabcorp, Sportsbet (Paddy Power) and William Hill Australia – accounting for an estimated 69% of the market. Competitively, a number of European operators have moved into the market in recent years, including William Hill, Paddy Power and Bet365, looking to use their established expertise in this attractive market. However, scale is increasingly important, not least because there have been significant increases in betting taxes and levies in recent years, including increased race field fees (fees paid to the horseracing industry) from July 2014.

Our key markets: **Italy and Spain**

A number of European countries have followed the UK in amending or establishing licensing regimes for online gambling. William Hill has been awarded licences to operate in Italy and Spain.

Italy is the largest of the European online gambling markets, with spend per capita on gambling the second highest among the top ten regulated markets, behind only Australia. The online market is projected to grow at 7% CAGR between 2014 and 2018.[3]

Online regulations were first introduced in 2006 to legalise real-money skill games and betting exchanges. Tournament poker was legalised in 2007 and sports betting followed.

The market continues to evolve with the continued liberalisation of regulation, for instance introducing the Palinsesto Supplementare, which is gradually allowing operators to expand their sportsbook offerings. The market was initially dominated by the land-based incumbents but changes such as this have increased the competitiveness and market leadership of new operators, such as William Hill, with skills and capabilities honed in more open, competitive markets elsewhere.

In Spain, sports betting features more strongly in the online market, representing around 44% of gross gaming yield. With no prominent land-based sports betting incumbent, the market is led by the major European operators.

Our key markets: **The US**

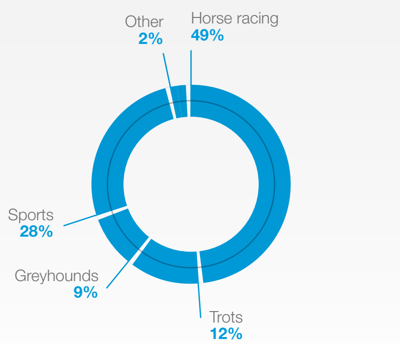
The US market is dominated by land-based casinos and lotteries. Online gaming is largely illegal with only Delaware, New Jersey and Nevada having licensed operators to provide certain gaming products. Online sports betting is illegal under the Interstate Wire Act 1961 and state-sponsored land-based sports betting is banned under the Professional and Amateur Sports Protection Act 1992 (PASPA) in all but four states – Nevada, Delaware, Montana and Oregon.

In Nevada, sports books have to be sited within casinos and typically are either run by the casino operator or outsourced to a specialist operator. William Hill US is the largest such operator by number of outlets and was created through the acquisition and consolidation of three small operators. Nevada also permits mobile betting for customers who create their accounts through land-based outlets.

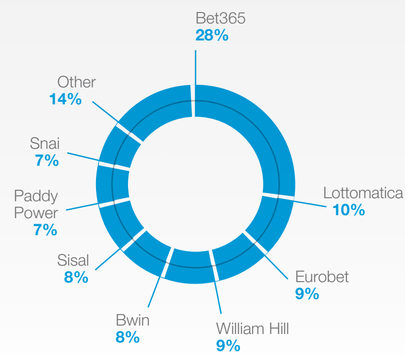
In Delaware, sports betting is run by the Delaware State Lottery and William Hill US is the exclusive bookmaker for that service.

New Jersey is seeking to offer sports betting that is not state-sponsored to satisfy PASPA and William Hill has an agreement in place with Monmouth Park in the event that sports betting is permitted in New Jersey.

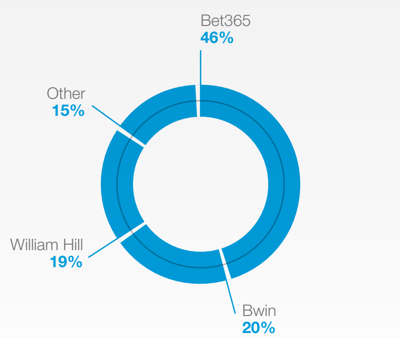
The structural growth of sports betting[2]



Italy Sportsbook market share[4] by turnover



Spain Sportsbook market share by turnover[5]



DIVISIONAL OVERVIEW

CONTINUING TO LEAD

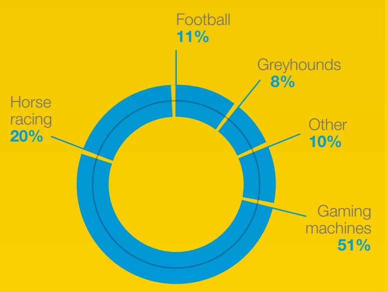
RETAIL

RETAIL IS THE LARGEST WILLIAM HILL DIVISION, GENERATING 57% OF OUR REVENUE IN 2014 AND EMPLOYING AROUND 12,500 PEOPLE IN THE UK.

What we do

Retail is a highly cash-generative business and, over time, we have substantially evolved its product range to deliver what customers want. LBOs are still used by around 76% of the c8 million UK customers who gamble and have proven resilient in the face of both the economic downturn and the rapid growth of digital gambling over the last 15 years.

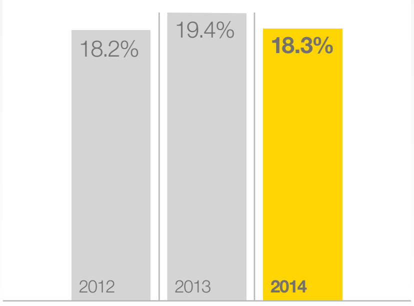
Retail revenue split by product



DIVISIONAL KPIs

OTC gross win margin (%)

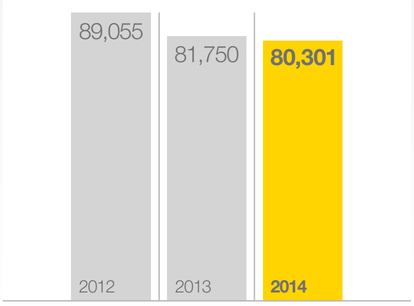
-1.1 ppts



This KPI gives an indication of how sporting results have affected our performance during the year. At 18.3%, the gross win margin was ahead of our normalised 17-18% range benefiting from increased football mix. However, there was significant volatility in the margin during the year, with positive results in the third quarter offset by periods of strongly customer-friendly results in the first and fourth quarters. As a result, the gross win margin was weaker than in 2013 and led to a decline in OTC net revenue.

Average profit per LBO (£)

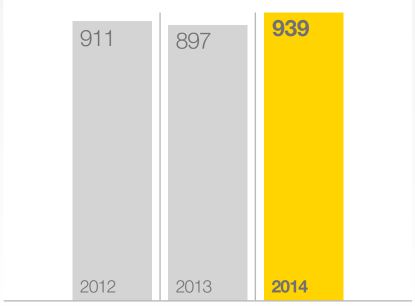
-2%



This KPI reflects the average profitability of the Retail business. Retail delivered 0.5% net revenue[1] growth with OTC net revenue down 5% and gaming machine net revenue up 6%. Cost of sales increased 3% with one additional month of Machine Games Duty. Operating costs increased only 0.2%, benefiting from lower staffing costs with the extension of single manning. Overall, operating profit[2] was 2% lower at £193.2m. With an average of 2,406 LBOs, the average profit per shop also declined by 2% to £80,301.

Average gross win per machine per week

+5%



This KPI reflects the trends in the underlying growth in gaming machine net revenue[1]. Based on an average of 9,458 machines, the average gross win per machine per week was £939, up 5%. The machine density was unchanged year-on-year at 3.93, with a maximum of four machines allowed per shop. Gaming machine net revenue grew 6%, benefiting in part from the roll-out of the next-generation Eclipse cabinet. These were installed in half the estate in the first half of 2014 and we started the roll-out to the second half of the estate in the fourth quarter. This is due to be completed in Q2 2015.

[1] Net revenue is a term equivalent to the Revenue defined by the statutory accounts on page 95.
[2] Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, and the amortisation of specific identified intangible assets recognised on acquisitions.

Growing market share

We believe that LBO customers are looking for an entertaining and engaging experience, ranking convenience as their main reason to bet in LBOs per se and location and customer service as the key reasons for choosing a particular LBO. We have focused on the quality of our customer service, our product range – particularly in football – and technology innovations to bring customers an attractive and differentiated offering.

Our market share by number of LBOs is around 26% but we have an estimated 31% by revenue.

Continued estate expansion

We aim to expand Retail organically through new shop openings, increasing our LBO estate on a net basis by around 1% per annum. The Government's intention is to change planning regulation to put LBOs into a separate use class, creating another barrier to entry for new shop openings.

We continue to exceed our internal hurdle rate for returns on new openings as a portfolio, investment costs of which accounted for 33% of our Retail capex in 2014. During the year, we closed 14 shops in the normal course of business and a further 108 that were closed as a result of the Chancellor's decision to increase Machine Games Duty from 20% to 25% from 1 March 2015. With a high proportion of our betting shop costs being fixed in nature, we are vulnerable to negative changes of this type. In our view, any further material change to regulation that impacts revenues or that increases taxation risks substantial shop closures across the industry with attendant job losses.

Around 90% of our shop estate is leased. The average remaining lease length is around seven years. The average lease cost per LBO is c£22,000 per annum.

Encouraging technology innovation

It is estimated that more than half of Online's customers also gamble in LBOs. We are using new technology to create an engaging betting and gaming experience, and to encourage customers to use more than one channel through cross-channel promotions, for instance coordinating new game launches. Video walls are installed in 378 shops and are a significant differentiator of the shop experience, particularly when coupled with our state-of-the-art broadcast facilities in Leeds, giving us our own high-quality broadcast proposition and enabling careful management of the timing and positioning of TV gantry content to maximise turnover.

Improving responsible gambling

We are committed to encouraging responsible gambling across the Retail estate. In 2014, we implemented the Association of British Bookmakers' (ABB) Code for Responsible Gambling, increasing the volume of responsible gambling messages in the shops, training all our staff in how to interact effectively with customers about responsible gambling and giving customers tools to set their own limits on the amount of time or money they spend on a gaming machine.

Find out more:
Page 33 in the 'Corporate responsibility' section

Performance review

Over-the-counter (OTC) wagering grew slightly, albeit this included £44m of World Cup turnover. However, the combined effect of more customer-friendly sporting results in 2014 following an unusually high gross win rate in 2013 was a year-on-year swing in the gross win margin of 1.1 percentage points, resulting in lower OTC net revenue[1]. The main driver of this margin weakness was in horseracing, although football gross win margin also fell.

Gaming machine net revenue was 6% higher, benefiting from the roll-out of the next-generation Eclipse machine to the first half of the estate that was completed in Q3. This growth rate also benefited from the transition to MGD in February 2013. Net revenue growth adjusting for this was up 5%. We started the roll-out to the remainder of the estate in Q3 and completed 70% of the roll-out by the year-end. Gross win per machine per week increased by 5%, from £897 to £939. Total Retail net revenue was flat at £911.4m (2013: £907.0m).

There was an average of 2,406 shops in the period, in line with the prior year average (2013: 2,401). The year-end total was 2,362, reflecting the impact of a programme of 108 shop closures in the second half in response to the Government's plans to increase machine games duty on 1 March 2015 from 20% to 25%. In spite of this portfolio closure, we continue to invest in expanding and enhancing the estate, opening 52 new licences, re-siting eight shops and closing 14 in the normal course of business.

Operating costs were broadly in line with the prior year, benefiting from reduced staffing costs as we extended single manning, where appropriate, to evening hours from 1 April 2014. We also saw a reduction in repairs and maintenance. These two favourable movements were largely offset by increased picture and data costs and an increased cost of staff incentives.

Operating profit[2], reflecting the impact of lower OTC net revenue and an increase in cost of sales, was below the prior year despite this strong cost control performance at £193.2m (2013: £196.3m).

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[2] Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, and the amortisation of specific identified intangible assets recognised on acquisitions.

DIVISIONAL
OVERVIEW

CONTINUED PROGRESS

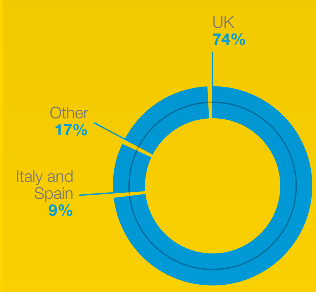
ONLINE

ONLINE GENERATED 32% OF OUR REVENUE IN 2014 AND EMPLOYS AROUND 1,250 PEOPLE IN GIBRALTAR, THE UK, ISRAEL, BULGARIA, ITALY, SPAIN AND THE PHILIPPINES.

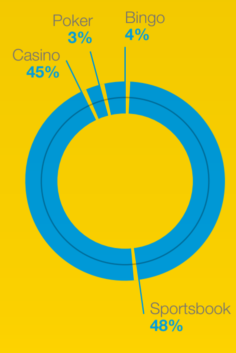
What we do

2014 was the first full year of William Hill fully owning the Online business following the acquisition of Playtech's 29% stake in the business in April 2013. Online continued to deliver strong growth in both betting and gaming, particularly through mobile growth, and is successfully expanding its market share in Italy and Spain, as well as retaining its number one position in the UK.

Online revenues by territory



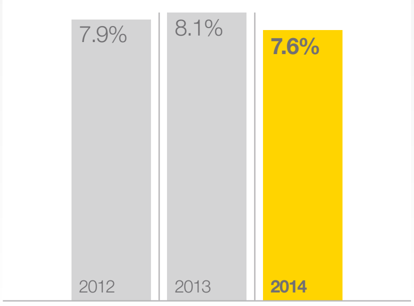
Online revenues by product



DIVISIONAL KPIs

Sportsbook gross win margin (%)

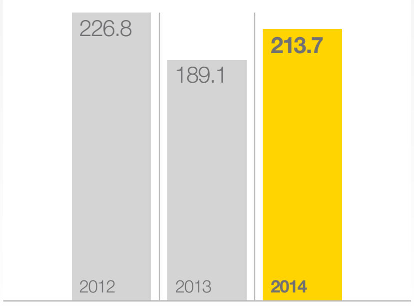
-0.5 ppts



This KPI gives an indication of how sporting results have affected our performance during the year. Our normalised range for Online is around 8% for gross win and c7.5% for net revenue. In 2014, the gross win margin was 0.5 percentage points lower year-on-year, reflecting more customer-friendly sporting results, particularly in horseracing. This comprised an in-play margin of 5.3% (2013: 5.3%) and a pre-match margin of 9.3% (2013: 10.0%).

Revenue per unique active player (£)

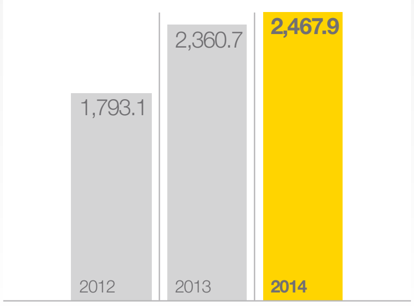
+13%



This KPI reflects the average revenue generated from customers who have used our products during the year, demonstrating our effectiveness in growing the value of customers as well as growing the overall customer base. Total Online net revenue was 18% higher in 2014, with Sportsbook up 19% and gaming up 17%. Net revenue per unique active player was stronger in both Sportsbook and gaming.

Unique active players (no. in '000s)

+5%



This KPI reflects the change in the number of individual customers who have used Online's products during the year, demonstrating how successful we have been in recruiting and retaining Online customers. The number of unique active players was up 5% in 2014, having grown 32% in 2013. Strong growth was seen in the two key products, Sportsbook and Vegas Casino, and in the key territories of the UK, Italy and Spain.

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[2] Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, and the amortisation of specific identified intangible assets recognised as acquisitions.

Growing UK market share

The UK remains a key growth opportunity given the structural growth of the market and consolidation that is expected to fall out from the Point of Consumption regime in 2014. As the UK's market leader with a competitive product range, user experience and marketing investment, William Hill is well-placed to benefit from this market reshaping. Analysts forecast the additional tax cost to be £60-70m for William Hill in 2015 before any mitigation. As this represents a unique opportunity to gain more market share, we intend to continue to invest in our operations and capex to deliver differentiation but can drive cost efficiencies, particularly in marketing, while remaining highly competitive.

Maximising the mobile opportunity

With a broader betting and gaming product range than ever before, it becomes ever more critical to make it easy for customers to bet when they want on what they want. The increasing use of mobile technology has been a key trend in the industry in recent years, with smartphone penetration in the UK, Italy and Spain ranging from 53% to 66% and an estimated 86% of mobile internet users engaged in 'second screen' activity by using their devices while watching TV.

Mobile betting and gaming continues to be a major focus for us. Ours is the most downloaded Sportsbook app in the Apple App Store, downloaded more than 2.5 million times. On the gaming side, improvements we made to the product range and to create a seamless user experience on mobile were a key driver of the growth we achieved in gaming net revenue.

International expansion

We are also taking our online offering into a number of other countries, focusing on markets with a strong gambling culture and a competitive regulatory and tax framework in which we have the ability to offer a broad sports betting product range and casino gaming.

Approximately 83% of Online's net revenues[1] in 2014 came from the UK, Spain and Italy. The remaining revenues are spread across a large number of other countries. Last year, we reviewed the territories from which we were taking revenues and subsequently closed to customers from a number of territories. No single market in this category makes up more than 3% of online revenues.

In Italy and Spain we are investing substantially in marketing to drive revenue growth and market share, with a view to breaking-even at the end of an initial three-to four-year investment period. We have rapidly gained market share in both countries in online sports betting, with 9% share in Italy and 19% in Spain.

Performance review

Online continues to perform strongly as we move into the changed UK regulatory regime with the introduction of 'Point of Consumption' based licensing in November 2014 and taxation in December 2014. Total Online net revenue[1] was up 18% to £527.4m (2014: £446.3m). Within this, our UK revenues grew by 18%, significantly ahead of estimated market growth rates of c8-10% per annum.

Growth in Sportsbook staking levels was strong again in 2014, up 28%, helped by the World Cup (£158.6m of wagering), and Sportsbook net revenue has now grown at 43% CAGR over the last five years. Desktop staking grew 11% and mobile staking grew 55%. A weaker gross win margin reflected customer-friendly sporting results that more than offset a strong World Cup performance. Despite the volatility of football results during the year, football gross win margins were broadly flat (9.6% in 2014 versus 9.7% in 2013), with the major year-on-year adverse margin movement arising in horseracing. Pre-match margins fell from 10.0% in 2013 to 9.3% in 2014 and in-play margins were static at 5.3%. Mobile Sportsbook revenues continued to grow strongly, up 48%, and now represent 56% of total Sportsbook revenues, with mobile gross win margins continuing to outpace desktop margins at 9.0% versus 6.2% for the year.

Online returned to double-digit growth in gaming revenues during 2014 as a result of the technology and product developments made to enhance the mobile gaming product range and user experience.

Within this, Casino net revenue (including our Vegas, Games and Live Casino platforms and the Playtech Casino) grew 23%, Bingo fell 2% and Poker fell 18%.

We continue to release further product innovations, including our proprietary Mayfair roulette and blackjack games, virtual scratchcard products, a darts app to further activate the sponsorship of the PDC's World Darts Championship and a new Vegas iPad app. Mobile gaming revenues increased by 117% and represented 32% of total gaming revenues. Desktop gaming revenues fell 3%.

Performance in Italy and Spain has continued to be strong, with net revenue up 39% and 64%, respectively. During 2014, we continued to expand our sports betting product range in Italy under 'Palinsesto Supplementare' and launched mobile sports and gaming products in both markets. Since the start of the year we have launched Live Casino in Spain and are preparing to launch slots, should regulation permit later this year. Together, these two markets made an operating loss[1] of c£6m in the period (2013 operating loss: £9m). We continue to expect break-even in these two markets taken together by the end of 2015.

Marketing investment was c£10m or 8% higher, equating to 25% of net revenue. Sportsbook free bets were equivalent to 0.8% of amounts wagered, broadly in line with our guidance. Other operating costs grew 23%. We saw growth in headcount and employee costs, including staff incentives, as our operations grew and as we continue to invest in our product, platform and user experience. Other cost growth in areas such as IT and depreciation also arose as a result of this increased investment.

Operating profit[2] was 20% higher at £177.7m (2013: £147.8m).

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DIVISIONAL
OVERVIEW

INTERNATIONAL GROWTH

AUSTRALIA

WILLIAM HILL AUSTRALIA GENERATED 8% OF REVENUES IN 2014 AND EMPLOYS 240 PEOPLE BASED IN SYDNEY AND DARWIN.

What we do

William Hill Australia was created through the acquisition of Sportingbet (including Centrebet) in March 2013 and tomwaterhouse.com in August 2013. The combined group – being rebranded as William Hill – is one of the largest online betting companies in Australia, with 324,000 active customers.

Building a digital business

The Australian market is very attractive, growing at 14% CAGR[1], and this opportunity plays into William Hill's core strengths with structural growth drivers in fixed-odds, sports betting and digital channels. While it is an increasingly competitive environment, customers are also shopping around more, creating an opportunity to attract more customers through a differentiated and engaging experience. Since completing the two acquisitions in 2013, therefore, we have focused on building William Hill Australia into a business able to compete at the highest levels in the online betting market by changing the management team, now led by Tom Waterhouse, restructuring the operations, increasing marketing effectiveness and improving the customer experience.

Improving the customer experience

As with Online, we are focusing on expanding the product range and continuously improving the user experience. Informed by the Group experience and also increased race field fees, we have implemented a revised trading policy, extending from a high roller focus to a proven mass market approach that is attractive to the digital, more recreational customer. Added to that, we are expanding the product range with both more local market content and, through our central feeds project in due course, content from a much wider range of sports from Europe and the US. We have already launched the industry's first fully 'responsive design' interface in 2014 and will be launching further mobile enhancements in 2015. Operationally, we have restructured our user experience teams to be focused on the complete customer journey, both launching new products as effectively as possible and constantly refining the existing customer journeys to maximise the value we derive from all our content.

Benefiting from proprietary technology

We have also restructured our IT operations to benefit from one of our greatest differentiators: our proprietary technology platform. Without being reliant on the same platforms used by others in the market, we can deliver a differentiated experience and bring innovations to the market faster than our competitors. We have built an internal IT team to make the most of this asset. We have the foundations of a platform that can release new content weekly or daily, with the potential to grow the platform into a long-term option for both Australia and, potentially, the wider William Hill Group.

Performance review

The following narrative is on a pro forma local currency basis. William Hill Australia more than doubled its operating profit[1] in the period. We continued to improve its digital capability during 2014 to enable William Hill Australia to capitalise on the strong structural growth in the Australian digital sports betting market, which is projected to grow at 14% a year over the next five years[2].

We launched a new website with responsive design technology in the first half to provide an improved and consistent user experience across all platforms, from desktop to mobile devices. In April, we integrated the tomwaterhouse.com business, transferring its website onto the proprietary William Hill Australia technology platform and achieving the planned synergies from integrating the operational teams.

Wagering was flat in 2014 but reduced 9% in the second half, in part affected by the restructuring of the client base in response to increased race field fees from 1 July 2014. The improved gross win margin reflected both this restructuring and better results year-on-year, an outcome that led to 11% growth in net revenue[3] to A$223.0m (2013: A$200.5m).

Cost of sales increased 19% as product fees on horseracing were increased by the racing authorities in Victoria, Queensland and Western Australia. This specific change equates to a A$10m increase on a full-year basis. Operating costs were 8% lower as we achieved synergy savings from the integration of tomwaterhouse.com in the first half and also drove greater efficiencies in marketing.

We have delivered further improvements in key metrics over the year, benefiting from the range of activities we have undertaken. Unique active users were up 15%, new accounts were 4% higher and the cost per acquisition was 25% lower at A$352.

Operating profit[1] increased 121% to A$45.1m (2013: A$20.4m).

During the period, we appointed Tom Waterhouse as CEO of William Hill Australia and settled the tomwaterhouse.com earn-out ahead of schedule for A$5m (£2.6m) in cash.

[1] Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, and the amortisation of specific identified intangible assets recognised as acquisitions.
[2] H2GC.
[3] Net revenue is a term equivalent to the Revenue defined by the statutory accounts on page 95.

US

WILLIAM HILL US GENERATED 2% OF REVENUES IN 2014 AND EMPLOYS AROUND 400 PEOPLE, MAINLY IN CASINO-BASED SPORTS BOOKS IN NEVADA.

What we do

William Hill US was created in June 2012 through the acquisition of three small sports book operators in Nevada, American Wagering, Inc., Brandywine Bookmaking LLC and the Cal Neva racing and sports book assets for $49m.

Telephone performance

Telephone made an operating loss[1] of £0.8m (2013: break-even). Amounts wagered were down 16% and net revenue was down 28% to £11.8m (2013: £16.5m) on a reduced gross win margin of 6.0% (2013: 6.8%). Operating costs reduced 24%.

Building the leading Nevada business

Nevada is one of only four states allowed to license land-based sports betting in the US and is the only one that currently operates an open commercial market. Sports books can only be operated inside casinos, though customers using mobile accounts can deposit via kiosks provided in casino and bar locations. While the major casinos operating on the Las Vegas Strip tend to manage their own sports books, the majority of the other casinos outsource this specialist capability. William Hill is now the preferred outsource supplier as we operate 104 of the 187 sports books in Nevada.

We have successfully grown William Hill US by improving the user experience – expanding the product range, including in-play betting, focusing the broadcast content with calls to action and redeveloping the sports books which are now branded as William Hill. We are also the exclusive risk manager for the State of Delaware's sports lottery.

Creating optionality

There continues to be a lot of discussion in the US about the potential for overturning the federal ban on land-based sports betting and for licensing online gaming in other states. While it is unclear how such changes may evolve, we want to ensure William Hill is well positioned to take advantage of emerging opportunities.

Through our Nevada operations, we are building brand awareness and recognition of our strengths in sports betting. The Company and individual licences awarded by the Nevada Gaming Commission bring increased trust, given the high level of probity checks required to achieve those licences. We are also prepared to invest in relevant opportunities, such as the agreement with Monmouth Park racetrack in New Jersey where we have created a William Hill sports bar that could be converted into a sports book should the law permit it.

Performance review

William Hill US continues to perform strongly with amounts wagered up 21%. Net revenue was 31% higher at £29.7m (2013: £22.7m) with a gross win margin of 7.9% (2013: 7.3%). Operating costs were 11% higher and operating profit[1] increased by 98% to £9.7m (2013: £4.9m).

WHEN
THE
FUN
STOPS

STOP

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CORPORATE RESPONSIBILITY

LEADING THE INDUSTRY

RECENTLY, THE LEVEL OF ATTENTION ON OUR INDUSTRY HAS INCREASED SUBSTANTIALLY. THIS STARTED WITH CONCERNS ABOUT THE POSSIBLE EFFECTS OF THE RAPID GROWTH IN POPULARITY OF GAMING MACHINES OVER THE LAST DECADE AND HAS EXTENDED INTO OTHER AREAS SUCH AS ADVERTISING AND LOCALISED CONCERNS ABOUT THE NUMBER OF BETTING SHOPS ON THE HIGH STREET.

LEADING OPERATORS HAVE WORKED TOGETHER AND PROACTIVELY – BOTH AS AN INDUSTRY AND WITH THE GOVERNMENT, THE REGULATOR AND VARIOUS INDUSTRY BODIES – TO ADDRESS THESE CONCERNS AND TO FACILITATE FACT-BASED DECISION-MAKING.

RESPONSIBLE GAMBLING

Find out more:
Page 32

ADVERTISING

Find out more:
Page 34

THE HIGH STREET

Find out more:
Page 35

IN THIS YEAR'S CORPORATE RESPONSIBILITY REPORT, IN ADDITION TO OUR REGULAR UPDATES, WE PROVIDE AN OVERVIEW OF THE KEY ISSUES AND THE PROGRESS WE HAVE MADE IN ADDRESSING THEM.

RESPONSIBLE GAMBLING

Gaming machines

In a relatively short period of time, gaming machines have become a very popular part of the LBO experience, now generating around half of Retail's revenues. For the Government, the concern is whether such rapid growth of an entirely new product has an adverse effect on our licensing goals such as protecting the vulnerable.

Over the last two years, the industry has worked closely with the UK Government and the regulator to address this question through two means:

1. generating better understanding through more research on the use of gaming machines; and
2. implementing proactive measures aimed at encouraging customers to gamble responsibly and to reduce harm.

Problem gambling rates

Since 1999, Prevalence Surveys have tracked the prevalence of gambling in British society and levels of problem gambling. There are two internationally recognised screening instruments for assessing problem gambling in population-based surveys of gambling behaviour: the Diagnostic and Statistic Manual of Mental Disorders IV (DSM-IV) and the Problem Gambling Severity Index (PGSI). In both cases, the rates of problem gambling in the population have not changed significantly, in spite of the rapid growth of new categories such as online gambling and gaming machines.

The RGT research

In December 2014, the Responsible Gambling Trust (RGT) reported on the results of a ground-breaking, independent research programme into gaming machines in LBOs that showed it is possible to distinguish between problem and non-problem gambling behaviour.

The programme was commissioned by the RGT to build a knowledge base on harmful machine play and to understand what measures might limit harmful play without impacting on those who do not exhibit such behaviours. The research has the potential to inform the industry's approach to minimising gambling-related harm. William Hill, along with the other major LBO operators, provided extensive data to support the research.

These are the key findings of the RGT's research programme into gaming machines in LBOs:

- → It is possible to identify harmful patterns of play
- → An holistic approach to identifying harm is required through understanding behaviour and patterns of play
- → Further work is required to lead to more targeted campaigns tackling harmful behaviour
- → No single approach is the answer to harm minimisation measures
- → Problem gambling is found at all staking levels and across all socio-economic groups
- → Problem gamblers use multiple products

The ABB Code for Responsible Gambling

The Code for Responsible Gambling was produced by the Association of British Bookmakers (ABB), which represents operators of around 80% of LBOs in Britain, including William Hill, the other major three operators and around 100 independent bookmakers.

The Code was developed as a shared, voluntary code of practice within the ABB's harm minimisation strategy. It was originally implemented in March 2014, which is when the technical changes to gaming machines were made. By then, we had already trained all shop staff on responsible gambling interactions and strengthened our procedures to require more detailed reporting in this area.

In January 2015, we extended our 'Set Your Limits' tool to require all gaming machine customers to decide whether or not to set their own limits before the start of a session. Those who do not impose a limit are restricted by hard limits at the end of 30 minutes' play or spend of £250. When the voluntary or mandatory limits are reached, a pop-up window appears on the screen for 30 seconds containing responsible gambling messages. This is intended to break concentration and force an active decision from the customer on whether or not to continue playing.

During 2014, we undertook 4,100 responsible gambling interactions a month in the LBOs, an increase of 17% over 2013.

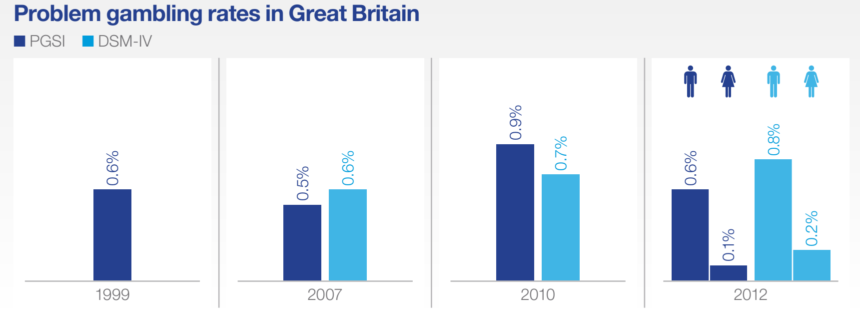
However, the number of self-exclusions increased at a slower rate, by only 14% to 7,736, which we believe indicates that the extensive efforts we had previously made to improve our self-exclusion systems were already working well.

The Government has encouraged the industry to find ways to extend self-exclusion. Currently, William Hill customers self-exclude for 12 months at a time and are required to provide an up-to-date photograph for each 12-month period to make the system effective. A self-excluded customer has a 24-hour cooling off period whenever they ask to return to the shop.

Alongside existing tools such as self-exclusion, the ABB Code for Responsible Gambling focuses on improving four key areas:

- → Issuing clearer and more accessible information on how to gamble responsibly and highlighting the sources of help available.
- → Providing customers with new tools such as time- and money-based reminders, the ability to set spend and time limits on gaming machines and to request machine session data.
- → Training staff to detect the signs of potential problem gambling more quickly and how to interact more effectively with those identified.
- → Undertaking more consistent central analysis of data to identify abnormal activity both in specific shops and, where possible, relating to individual customers.

Problem gambling rates in Great Britain



ADVERTISING

The industry has had its own Code for Socially Responsible Advertising since 2007, which supplements the rules produced and administered by the Committee of Advertising Practice (CAP) and the Broadcast Committee of Advertising Practice (BCAP). This requires, for instance, the inclusion of '18+' and 'gambleaware.co.uk' in all our adverts, not advertising products such as casino games before the commonly accepted watershed of 9.00 pm and avoiding magazines that have a significant under 18 readership.

At the Government's request, reviews of gambling advertising were conducted by the industry, the Advertising Standards Authority (ASA), CAP and BCAP.

The ASA commissioned an independent research agency to look into the public's views on gambling advertising. This research, published in October 2014, revealed that people are satisfied with the way gambling advertisements are regulated and approve of how the rules are applied.

This was reinforced in December when CAP and BCAP published a report on their review, concluding that gambling advertising has a limited effect on young people and problem gambling behaviour.

In March 2014, the main trade associations for five of the six sectors of the gambling industry (excluding lotteries) – LBOs, bingo, casino, online gambling and amusements – formally came together to establish the Industry Group for Responsible Gambling (IGRG) to provide a structure for promoting socially responsible gambling initiatives.

Having completed its own review, the IGRG voluntarily committed to extend the code as of 1 January 2015 to include a ban on sign-up offers for new customers on television before the evening watershed.

The ABB members have also voluntarily committed to a ban on all gaming machine advertising in shop windows and to give 20% of all window advertising space over to responsible gambling messages. During GambleAware Week, promotional displays in shop windows were entirely given over to promoting responsible gambling, replacing all product offerings.

The Senet Group

In September 2014, William Hill, Ladbrokes, Coral and Paddy Power came together to set up a new independent industry body, the Senet Group. Its remit is to promote responsible gambling standards and ensure that the marketing of gambling is socially responsible.

In January 2015 as part of GambleAware Week, the Senet Group launched a high impact TV and advertising campaign to educate people about the risks of gambling and how to stay in control, backed by the four founder members.

The Senet Group is chaired by an Independent Standards Commissioner, who monitors and enforces compliance with the commitments made by member companies on advertising and other measures aimed at protecting the vulnerable. Membership of the Senet Group is open to any gambling operator.

THE SENET GROUP
PROMOTING RESPONSIBLE GAMBLING STANDARDS

Find out more:
www.senetgroup.org.uk

GambleAware Week

Between 20 January and 1 February 2015, the industry held its first 'GambleAware Week' with the specific objectives of increasing the uptake and awareness of voluntary set limits and educating customers about the tools available from the industry to help them control their gambling.

Throughout the week, we ran responsible gambling posters in our shop windows, provided additional education and profile-raising material inside our shops, showed 'book end' banners on all our William Hill UK websites and included GambleAware banners on website landing pages.

Using our customer management capability and in-house developed algorithms, we identified and contacted our most at-risk Online customers with information on our support channels and tools. We also distributed a mass email to the wider Online customer base and ran social media and online marketing campaigns to promote GambleAware Week.

We worked with the ABB to run pilot schemes in Liverpool, Eastbourne and Brighton to highlight the free counselling services available in those areas. Throughout GambleAware Week, any customer who engaged with a shop team around responsible gambling concerns or who requested self-exclusion was referred to a number of drop-in counselling support sessions hosted in those three areas.

THE HIGH STREET

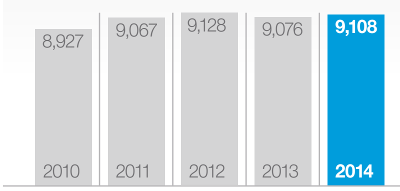
In recent years, there has been concern that betting shops are 'proliferating' and 'clustering' in certain areas. In fact, the number of LBOs has been relatively stable over the last five years at c9,000, more than 40% lower than its peak at 16,000 in the 1970s. LBOs have become more prominent as banks have closed high street branches, giving us opportunities to move from secondary and tertiary locations onto the high street. LBOs are also an anchor for additional footfall for other retailers.

In England and Wales, the Government aims to give greater control to local councils by putting betting shops into a single use class. Currently, we share Class A2 with financial services businesses, including banks, and moving into a single use class would require us to apply for planning approval to change the use class of a unit to open a new LBO.

In Scotland, as part of the process to devolve powers it has been proposed that Scottish Ministers will have the power to vary the number of gaming machines in new LBO licences.

The number of LBOs in Britain:

+0%



Source: Gambling Commission

RESPONSIBILITY AND SUSTAINABILITY

AS WELL AS ENSURING OUR CUSTOMERS GAMBLE RESPONSIBLY, WE STRIVE TO PROVIDE THEM WITH THE BEST POSSIBLE EXPERIENCE.

IN ADDITION, OUR COLLEAGUES AND OUR WORK IN THE COMMUNITY CONTINUE TO PLAY A VITAL ROLE TOWARDS ENSURING A SUSTAINABLE FUTURE.

CUSTOMERS

Find out more:
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COLLEAGUES

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COMMUNITY

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CUSTOMERS

Our principles:

- Keeping crime out of gambling
- Treating customers fairly and openly
- Protecting the vulnerable

For the vast majority of customers, gambling is a safe and pleasurable pastime. For a small number, however, we recognise that gambling can become a problem.

The standards, policies and procedures by which we operate our business are defined by the Gambling Commission's licensing objectives, and these are embedded throughout our organisation.

Objective 1: to prevent gambling from being a source of crime and disorder, being associated with crime or disorder or being used to support crime.

Objective 2: to ensure that gambling is conducted in a fair and open way.

Objective 3: to protect children or other vulnerable persons from being harmed or exploited by gambling.

Addressing problem gambling

As described above, the levels of problem gambling across the UK are stable or may even be slightly declining. These levels are also low by international standards. However, we are not complacent and, as outlined above, have undertaken a number of important changes to help customers gamble responsibly.

For many years we have provided self-exclusion systems in the betting shops and for Online and Telephone customers. We have continually improved these measures, including requiring Retail customers to self-exclude for 12 months at a time, with the ability to renew for a further year by phone, and to provide a recent photograph when they renew so that we can more effectively recognise them when they come into our shops. Now, we are working closely with the rest of the industry to identify ways to increase the effectiveness of self-exclusion even further.

Preventing underage gambling

We also focus heavily on ensuring that under 18s do not gamble with William Hill.

In Retail, we apply a 'Think 21' approach and use an independent third party to test the effectiveness of our approach.

Having changed our testing methodology in 2012, we have been measuring colleagues' challenging of customers at different stages of their customer journey, from entering the door to approaching the counter or attempting to use a gaming machine. We delivered another year of very strong results in 2014, with successful challenges occurring in 85% of cases and 71% of challenges occurring upon entry. This places us among the very highest performing age verification industries, including those selling alcohol on the high street.

When a new Online or Telephone customer opens and deposits into an account, we go through a series of age verification procedures, including using external agencies.

Treating customers fairly and openly

We strive to ensure our rules and terms and conditions are easily available and understandable to customers, and we look to resolve all betting disputes in a fair and consistent manner. In 2014, the number of disputes escalated to the Independent Betting Adjudication Service (IBAS) increased slightly to 494, with 99% of these being found in our favour.

We monitor and regularly measure our customer service levels to ensure that we are delivering a good quality service to customers. In 2014, Retail's Net Promoter Score (NPS) improved again to 53% (2013: 47%). Online introduced an NPS monitoring system during the year and identified key customer journeys on which to focus to deliver further improvements.

Health and safety

We continue to cement a strong Primary Authority partnership for Health and Safety with Westminster City Council, which will include the receipt in 2015 of assured policy and process advice in all key areas. From this, a national inspection plan will be developed which will mean local authority inspections will concentrate on agreed key risk areas.

In January 2013, Jacob Marx, a New Zealand lawyer, lost his life following the fall of a sign outside our shop in Camden Road, London. In January 2015 an inquest jury returned a 'narrative verdict'. Prior to the inquest, the Metropolitan Police announced that there was insufficient evidence to proceed with gross negligence or corporate manslaughter charges against any individual or corporation and the inquest verdict does not alter this situation. Amongst other matters, the jury found that William Hill systems were above standard, but that there was a lack of regulation in this area (sign fixing).

We have extended our sympathies to Jacob Marx's family and we continue to fully co-operate with Camden Council on their continuing investigation into the role of relevant contractors and the Group.

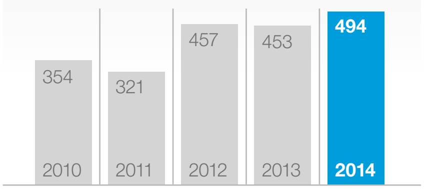
Keeping crime out of gambling

Over the last several years, William Hill's comprehensive approach to security has led us consistently to reduce the level of crime in our business, giving us an industry-leading track record. We have a dedicated Security function and have continuously invested in our systems and training to instil the right security-conscious culture in our shops, to protect both our staff and our customers. We continue to share best practices across the industry through organisations such as the Safe Bet Alliance and co-operate with crime-prevention bodies, including Crimestoppers. Our efforts have also been recognised with Group and individual awards from the security industry's Security Excellence Awards.

We recognise the threat posed by cyber crime and will continue to focus on this area of potential risk.

Customer complaints referred to IBAS:

+9%



Continuing to reduce crime

Through initiatives such as Counter Plan, investment in safe havens for staff and CCTV, and use of systems such as StaffSafe, in the last seven years we have seen a 63% fall in robberies, an 81% fall in burglaries and a 35% fall in cash-in-transit incidents.

In addition, the proportion of these classed as attempts (i.e., the criminals were unsuccessful, usually as a result of our prevention measures) has increased to 37% for robberies, 29% for burglaries and 41% for cash-in-transit. The cost to the business of these crimes has reduced by 82% from £662,000 in 2008 to £120,000 in 2014.

During 2014, we continued to rollout StaffSafe, a two-way audio communication system connecting shop teams to a 24-hour monitoring station. This system is highly effective at combating anti-social behaviour as the incident is managed over the audio system by the remote team, taking the focus away from the shop team. In total, 1,340 systems have now been installed and by the end of 2015 we aim to have covered three-quarters of our LBO estate. The Control Room will also be linked into our CCTV systems.

Anti-money laundering

During the last year there has been significant attention focused on money laundering as the EU has progressed its 4th Money Laundering Directive, which may bring retail bookmakers under its auspices for the first time. The number of suspicious incidents reported to the National Crime Agency (NCA) in the UK involving proceeds of crime or money laundering in betting shops remains very low, at less than 1% of reported NCA cases, the majority of which come from the banking sector.

We have dedicated risk management teams that monitor and investigate suspicious activities in Online and Retail. Over 100 dedicated staff work around the clock to conduct real-time transactional monitoring of Online deposits and withdrawals, and game play. Our teams are regularly trained on what we need to identify and report.

As a cash business in Retail, there will always be a risk but we take that very seriously and have a dedicated Money Laundering Reporting Officer, comprehensive training, clear systems for escalation and fraud alert software on the gaming machines.

The anti-money laundering risk matrix used in Retail was extended in 2014 to encompass the gaming machine reward card. Specific gameplay monitoring was also introduced in relation to self-service betting terminals.

In Online, we monitor customer accounts for fraud management and anti-money laundering purposes. We conduct 'Know Your Customer' checks against customers depositing more than €2,000 in a 24-hour period and run checks to validate their identity. Enhanced due diligence processes, including customer profile checks, were further enhanced in 2014 across both Retail and Online and a consistent approach to monitoring and reporting once suspicious activity has been detected is in operation.

In 2014, we submitted 325 Suspicious Activity Reports (SARs) to either the NCA or the Gibraltar Financial Intelligence Unit (2013: 154 cases). Ten of the SARs were consent-related and all ten were granted by the NCA. There were 411 law enforcement or financial institution enquiries were received that required investigation. As a result of encouraging improved internal reporting and adopting a more comprehensive approach across Retail and Online, we saw a 125% increase in the number of internal reports made, with the high quality of this reporting demonstrated by 75% of these resulting in an external disclosure.

The EU's 4th Money Laundering Directive is (as at February 2015) still to be finalised. It is possible that exemptions can be given by member states for areas deemed low risk through the UK National Risk Assessment, though official clarification has yet to be published. We participated in those assessments related to gambling with HM Treasury and the Home Office during 2014. We consider the betting shop industry to be low risk given the low level of SARs that originate from gambling. However, should betting shops be included following the National Risk Assessment, additional controls would need to be implemented in relation to customers spending or transacting the equivalent of €2,000.

COLLEAGUES

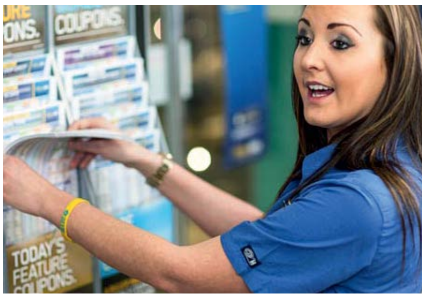
Engagement

We continue to build on the success of our Colleague Forums, which operate in each of our locations and from which a group of colleagues are drawn as our International Colleague Forum to share practices and raise ideas and issues.

Colleagues are also encouraged to make their voices heard through the annual engagement survey, HOME Truths, which we have held each year since 2010. This year, over 10,000 colleagues participated worldwide. The highest scores related to customer focus, relationships with managers, effective training and teamwork. We saw significant improvement around communication by senior management of its vision of the future and making changes to be competitive. Areas that colleagues highlighted to be addressed included pay, actions in response to concerns and ideas, two-way communication and work-life balance.

Development

Our approach to talent management and succession has become increasingly important as we have become a larger and more international organisation. Talent recognition and development run throughout William Hill. We have mentoring schemes, talent development for high potential people, executive coaching and study sponsorships to support people's individual development needs, as well as organised programmes such as the Retail Academy.



CORPORATE RESPONSIBILITY

We continue to review our talent pool, which is critical to our succession planning process, identifying the development needs and potential of our top 300 managers.

We pride ourselves on the opportunities we give our colleagues to develop their careers within William Hill and that three of our last four CEOs have all come from within the business, including James Henderson who started as a trainee manager in Retail 30 years ago.

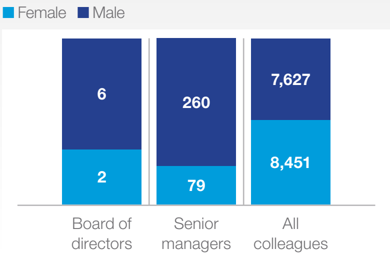
The Retail Academy, established in 2012, continues to flourish. Around 2,500 colleagues undertook the first stage of the programme – The William Hill Way – in 2014. A further 950 undertook the 'Stepping Up' programme to prepare Customer Service Assistants who want to go on to become Deputy Managers and 140 LBO managers went through 'Taking the Lead' to prepare them for becoming a multi-site manager. Our District Operations Managers have now completed the 'Maximising Performance' programme.

We are also strong supporters of developing women at all levels of our business. We have developed bespoke courses for women in administrative and frontline jobs, and created a programme for women managers focused on developing their skills and confidence. Our Springboard programme brings up to 50 women a year through into junior management roles.

Gender diversity

Having diversity across the Group remains a key focus for both the Board and the executive team, and the development team continues to focus on bringing through women as leaders through programmes such as 'Springboard'. The gender diversity across different levels of the Group is shown below.

Gender diversity



Legislation requires that we define 'senior managers' as the directors of our subsidiary companies. However, the Board believes this information does not provide a meaningful analysis of how the Group operates so the data shown reflect the proportion of senior managers by our own internal grading system. For reporting purposes, there are 48 directors of subsidiary companies, comprising 39 men and nine women.

Rewarding and celebrating our colleagues

Our colleagues are critical to our success and we want William Hill people to be engaged, excited and energised by our business.

Salary levels are dictated by market conditions so we personalise what we offer colleagues through our benefits, our bonus plans and the ways in which we reward and recognise people's efforts. Our range of benefits is, we believe, the best in the industry.

In many cases, people can choose the benefits that fit their lifestyle, reflecting the fact we have a very diverse colleague population.

Every colleague is eligible to earn a bonus and we encourage them to benefit from our business success by investing in our share save schemes, which are offered each year at a 20% discount to the share price. We also support travel, partnering with Transport for London to provide subsidised travelcards for London-based staff and with Halfords to support 'cycle to work' schemes.

We celebrate success in numerous ways, including two major Group-wide events each year. In May, 250 people gathered at The Grand Hotel in Brighton from across the William Hill world to recognise the winners and runners-up in the HOME Awards. These are awarded in 12 different categories, from National Shop Team of the Year to Outstanding Contribution to Innovation, to Community Champion.

Bringing our leadership 'Together'

In December 2014, James Henderson held his first leadership conference as CEO, bringing together the top 50 leaders to debate and develop our strategy. Branded 'Together' as the event that broke down geographic and channel boundaries, this was the first time this leadership team had come together since the acquisitions of the US and Australian businesses were completed.

Held in Shoreditch, London, where the Online business has established a technology excellence centre, the event included presentations by members of the executive management team and interactive sessions, including 'future gazing' on trends and technologies that could have a significant impact on our business. A series of 'Innovation Hubs' showcased some of the best examples of innovations from across the Group, from mobile apps to data management to the changing face of media.

In September, colleagues who recorded 25 or 40 years' service attended our annual Long Service Awards, celebrating with their partners with a weekend at the Ayr Gold Cup.

Health and safety

The health and safety of our colleagues and customers and those who come into contact with our business are of paramount importance to us.

We continue to strive for incremental improvement in Retail.

During the year we have reviewed our property processes, assessed the policies and processes of all our international locations and improved the standard of the LBO health, safety and fire risk assessments. Violence in the workplace is a key focus for us in 2015, together with Westminster City Council as our Primary Authority.

In April 2014, we changed our approach to lone working in the betting shops. Having previously required all shops to be dual-manned from lunchtime onwards, we allowed certain shops to operate single-manning as service levels demand.

Before we implemented this, we undertook a pilot trial involving 400 shops. This involved a risk assessment taking account of the Health & Safety Executive's lone working detailed guidance and implementation of security changes prior to the pilot, briefings on best practice guidance for LBO teams and a shop buddy system. Following successful implementation of the trial, evening lone work was extended to around two-thirds of the estate, again on a risk-assessed basis.

We have assessed the impact of our changed approach in a number of areas, including colleague welfare and security and are satisfied that this revised staffing model has been successfully implemented without significantly impacting our colleagues, customer service or compliance obligations.

Tackling anti-social behaviour

We treat anti-social behaviour in our shops extremely seriously. In 2014, 40 anti-social behaviour workshops were held, bringing together our shop staff, the Security and Operations teams, and external agencies such as local police to address the issue. These allowed staff to share experiences and best practice, and to highlight problems to police, with a subsequent increase in police visibility in affected shops. This partnership approach helps to reduce anti-social behaviour and increase staff morale.

Human rights

The Board considers that it is not necessary for the Group to operate a specific human rights policy at present. Our policies already operate within a framework to comply with relevant laws, to behave in an ethical manner and to respect the human rights of our employees and other stakeholders in the business.

The Corporate Responsibility Committee, on behalf of the Board, is satisfied that William Hill's policies operate in a way that is consistent with the UN's Global Compact, covering areas of human rights, labour, the environment and anti-corruption.

COMMUNITY

Employing 16,000 people in nine countries, William Hill is now an international business but we are also a very local one, making an active contribution to the local communities in which we operate.

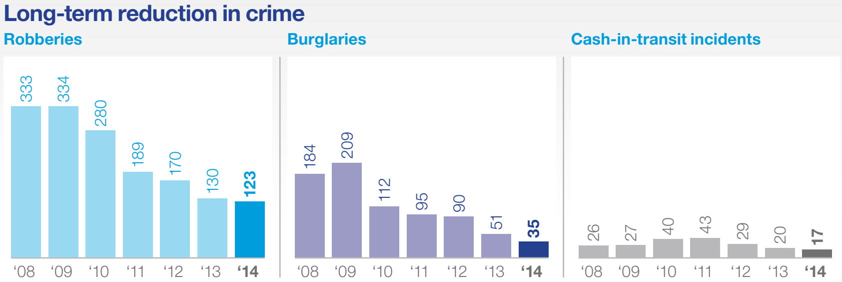
We make a positive contribution to local economies by offering flexible employment, contributing a substantial amount a year in taxes, in providing a meeting place for members of local communities to take part in an enjoyable pastime, in contributing to and sponsoring a wide range of sports and in supporting our colleagues' efforts to raise funds for charities.

Our community activities are carefully selected for a number of reasons, including giving back to the industry and communities in which we operate, and also to help those in hardship. At the same time, our approach promotes the very best development in our colleagues and encourages them to be generous with their time and efforts for worthwhile causes.

The William Hill Foundation

The William Hill Foundation was created in 2011 as a hardship fund to support colleagues during these economically challenging times. In 2012, we achieved charitable status for the Foundation and it became the umbrella organisation for Project Africa as well. Four directors – all William Hill leaders – administer the £100,000 hardship fund and the donations received from colleagues for Project Africa. Robbie Savage is Patron of the Foundation.

Long-term reduction in crime



CORPORATE RESPONSIBILITY

Our colleagues continued to be active participants in fundraising events and the Foundation matched over £41,000 in funds raised. The number of colleagues applying for grants was 25% lower than in 2013.

We made charitable donations of £1.2m in total, the largest of which was £940,000 to the Responsible Gambling Trust to support its independent work in problem gambling-related research, education and treatment.

The main work on Project Africa has now been completed. In 2014, the final project team travelled to Ol Maisor in Kenya to help build a medical facility at the school. This follows the library, teachers' accommodation and water facilities we established in previous years. The Foundation directors have created a plan to support the community over a further three years, enabling our investment and colleagues' generous donations to be fully utilised and to ensure our commitment to sustainability is fulfilled. Colleagues have raised £225,000 to support the project.

Supporting sport

Betting and sport have a long joint heritage. Since the 1960s, the UK bookmaking industry has supported the racing industry with a payment levied on our revenues from UK horseracing.

Today, we pay up to 10.75% of UK horseracing revenues from our shops together with significant sponsorship investments and, more importantly, very substantial payments for TV pictures from the race tracks that are broadcast in our shops. Our UK horseracing sponsorships include the Ayr Gold Cup and the Kempton Winter Festival.

In addition, we pay a voluntary donation to the British Greyhound Racing Fund to help sustain that industry. Through our two greyhound stadia we assist with greyhound welfare, including funding an establishment that houses up to 25 dogs for up to three months with the intention of permanently re-homing them. We sponsor some of the leading greyhound racing events, including the Greyhound Derby and the All England Festival.

We are now the sponsor of a number of major sporting events and teams in the UK and Australia. We have a ground-breaking sponsorship deal with The Football Association as an 'Official Supporter' of the England football team, and 'Official Supporter' and 'Official Betting Partner' of the FA Cup. In Scotland, we are the 'Official Betting Partner' of the Scottish national football team, sponsor of the William Hill Scottish Cup and 'Official Betting Partner of the Scottish Premier League'.

We also sponsor the PDC's World Darts Championship. In Australia, our sponsorships include the Brisbane Broncos rugby league football club and a number of racetracks, and in the US we sponsor the Haskell Invitational Stakes at Monmouth Park racetrack in New Jersey.

Environment

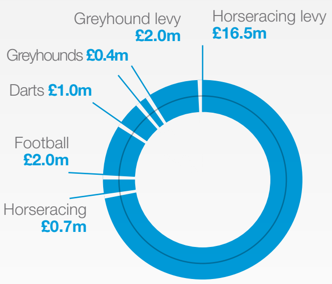
We first reported an emissions figure (tonnes of CO_2 equivalent (tCO_2e)) for the Group in 2012. This includes Scope 1 and Scope 2 emissions, including natural gas consumption, electricity consumption, refrigerant emissions and fuel from company cars.

In 2014, we included our operations in Manila and Australia (Australia electricity consumption was included in 2013). We saw a 4% increase to 59,606.5 tCO_2e. Within this, Scope 1 emissions were 3,591.7 tCO_2e and Scope 2 emissions were 56,014.9 tCO_2e (2013: Scope 1 3,390.0 and Scope 2 54,014.9). However, our overall electricity consumption in kilowatt hours was actually 7% lower in 2014. The difference, therefore, principally relates to an increase in DEFRA greenhouse gas conversion factors from 0.44548 in 2013 to 0.49426 in 2014 for electricity across all regions. Electricity and the UK both account for 95% of our consumption, given the Retail business and the location of our corporate offices.

In 2013, we identified an intensity measure – tonnes of CO_2 equivalent per £1m of net revenue – to track our performance. In 2014, in spite of the change in conversion rates we saw a year-on-year reduction of 9% from 38.67 tCO_2e in 2013 to 35.04 tCO_2e in 2014, with 8% growth in Group net revenue in the period offsetting the tCO_2e increase. These data were calculated using DEFRA guidelines and conversion rates.

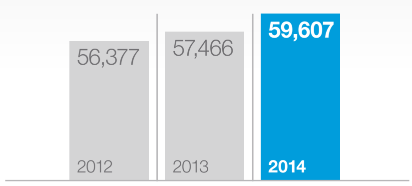
In 2014, we established our Energy Management Forum, bringing together functions from across the business on a quarterly basis to analyse our data, investigate ways in which future greenhouse gas measures can be introduced and identify potential energy saving initiatives around the Group. We reduce waste through recycling and re-use of materials. We also recycle paper, cans and plastic in our offices.

Sponsorships and levies



Global tonnes of CO_2e (tCO_2e)

+1%



PERFORMANCE		2014	2013	Comments
Customers				
Customer protection	Number of self-exclusions – Retail	**7,736**	6,767	We have substantially increased the number of responsible gambling interactions in our LBOs to around 4,100 a month. The number of customers making use of our self-exclusion systems continues to grow, though at a slower rate than the interactions, suggesting the system was already working relatively successfully.
	Number of self-exclusions – Online and Telephone	**20,666**	17,915	
	RIDDOR reportable accidents – customers	**12**	232	RIDDOR reporting changed in 2014 to require accidents to be reported when they resulted in absence from work for over seven days instead of over three days.
Customer satisfaction	Retail Net Promoter Score	**53%**	47%	Mystery shopper scores in Retail have continued to improve since a new customer service programme was implemented in 2013 and 2014.
	Disputes referred to IBAS IBAS disputes found in customers' favour	**494** **0.6%**	453 1.1%	Our customers can rely on an independent arbitrator to resolve customer disputes. In around 99% cases, our original decisions are upheld.
Colleagues				
Protection	RIDDOR reportable accidents – colleagues	**11**	37	RIDDOR reporting changed in 2014 to require accidents to be reported when they resulted in absence from work for over seven days instead of over three days. Like-for-like comparisons are not possible.
	Incidents of violence in the workplace	**313**	375	The number of physical attacks on LBO staff fell in 2014 by 17%. During the year, 40 anti-social behaviour workshops were held to address violence in the workplace.
	Number of robberies	**123**	130	The number of actual robberies at 78 (excluding attempts) continued to decrease through our ongoing security plan, down another 9% in 2014.
	Number of burglaries	**35**	51	The proportion of burglaries classed as attempts in 2014 was 29%. A number of burglaries were combated with the use of StaffSafe.
	Number of cash-in-transit incidents	**17**	20	41% of all cash-in-transit incidents were attempts. Awareness training and CounterPlan have reduced incidents.
	Average cash loss from OTC robberies (£)	**401**	390	Average cash loss, though higher than in 2013, is still showing a significant decline compared to a high of £493 in 2008.
Training and development	Total number of training days Value of training investment (£'000)	**21,931** **826.9**	28,145 785.4	Our business is sustainable as we attract and retain engaged employees. We offer clear career progression and development opportunities.
Engagement	Employee Engagement Index – participation	**66%**	51%	We continued to make good progress in encouraging greater participation rates in our annual colleague engagement survey.
Support	William Hill Foundation grants (£)	**32,951**	42,406	The Foundation supported colleagues from across the business, making 23 grants at an average of c£1,400.
Community				
Environment	Total CO_2 equivalent (tonnes)	**59,607**	57,466	Although our tonnes of CO_2e increased, our consumption of electricity – which represents our main environmental impact – reduced by 7%.
Industry relationships	UK horseracing levy (£m) Sports sponsorship (£m)	**16.5** **3.8**	17.5 6.4	We continue to support sports through sponsorship and the horseracing and greyhound racing levies.
Community engagement	Employee charity matching scheme (£'000)	**40.3**	56.9	Our colleagues participated in 114 charity events that we matched in 2014.
	Responsible Gambling Trust donation (£'000)	**940.3**	863.3	William Hill is the biggest single contributor to the Responsible Gambling Trust. This is a key part of our commitment to supporting problem gambling research, education and treatment.

FINANCIAL REVIEW

REVENUE AND PROFIT GROW

BENEFITING FROM A SUCCESSFUL WORLD CUP, GAMING NET REVENUE GROWTH IN BOTH ONLINE AND RETAIL AND NET REVENUE GROWTH FROM ITS MORE RECENT INTERNATIONAL ACQUISITIONS IN THE US AND AUSTRALIA, THE GROUP MADE £372.2M OF OPERATING PROFIT[1] IN 2014, UP 11.1% ON THE PRIOR YEAR (2013: £335.0M), AND £363.2M OF PRE-EXCEPTIONAL PROFIT BEFORE INTEREST AND TAX, UP 12.1% ON THE PRIOR YEAR (2013: £324.1M).

Neil Cooper
Group Finance Director

Pre-exceptional Income Statement

Net revenue[2] was £1,609.3m in 2014, up 8% or £122.8m (2013: £1,486.5m). Whilst Retail OTC net revenue fell by 5% or £23.1m impacted by weaker sports results, Retail gaming machine net revenue grew £27.5m or 6%. Of this latter amount, £5.7m of growth was generated as a result of the change in the nature of indirect machine taxes in February 2013 with the remainder arising from performance. Online saw £40.4m of increased net revenue benefiting from sports wagering growth and £40.7m from growth in gaming products, benefiting from mobile product innovation. William Hill Australia contributed an additional £35.2m of revenues, partly as a result of a full period of ownership in 2014 and partly through improved sporting results. The US contributed an additional £7.0m of revenue, benefiting both from greater levels of wagering and improved sports results.

Pre-exceptional cost of sales grew 10% or £27.9m to £294.5m (2013: £266.6m). Retail cost of sales grew £6.6m, of which £5.2m reflected the impact of one additional month of MGD. Pre-exceptional Online cost of sales grew £10.8m or 27%, largely driven by increased indirect taxes, including £3.9m of tax relating to POCT. William Hill Australia grew 49% or £9.9m, with a full period of ownership, growth in net revenue and an increase in race field fees.

Group pre-exceptional net operating expenses, including other operating income, were £952.6m, up £53.4m or 6% (2013: £899.2m). Within this, amortisation on specifically identified intangible assets arising on consolidation fell slightly to £9.0m (2013: £10.9m) as assets acquired as part of the 2008 William Hill Online acquisition were fully amortised. Other operating income was £8.9m (2013: £7.4m). There was £1.0m of contribution from our associate SIS (2013: £3.4m).

Online pre-exceptional net operating expenses before amortisation of acquired intangibles grew by £40.4m or 16% to £298.7m (2013: £258.3m), with marketing of £132.1m, up 8% (2013: £122.5m) and other costs up 23% to £166.6m (2013: £135.8m). This included increased staff incentive payments, IT costs and IT-related intangible asset amortisation and bank charges. Retail pre-exceptional operating expenses were £508.3m, less than a million pounds or 0.2% higher (2013: £507.4m), benefiting from lower staffing costs with the extension of single manning, and lower repairs and maintenance. Offsetting these were higher staff incentive and picture and data costs, and rolling over the change to input VAT recovery following the change to MGD in February 2013. The cost benefit of the closure of a portfolio of 108 shops following the announcement of an increase in MGD scheduled for March 2015 largely offset additional costs arising from new shop openings. Other areas of material cost growth included a full year of Australia ownership, and staff incentive charges within corporate expenses.

Group operating profit[1] was £372.2m (2013: £335.0m) and pre-exceptional profit before interest and tax was £363.2m (2013: £324.1m). Pre-exceptional net finance costs were £45.9m, £1.6m or 4% higher (2013: £44.3m), with the full year impact of the Group's £375m bond issued in June 2013 largely offset by reduced bank borrowings. Pre-exceptional pre-tax profit for the year was £317.3m (2013: £279.8m).

[1] Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, and the amortisation of specific identified intangible assets recognised on acquisitions.
[2] Net revenue is a term equivalent to the Revenue defined by the statutory accounts on page 95.

Taxation

Pre-exceptional tax on profit was £63.1m (2013: £32.2m) at an effective tax rate of 19.9%. This is as compared to a substantially lower tax rate in 2013 (11.5%) which was driven by a deferred tax credit following an enacted reduction in corporation tax rates.

Total tax on exceptional items was a £35.5m credit (2013: £1.7m credit), including £20.1m relating to the tax effect of exceptional items of which £13.4m relates to a deferred tax credit arising following the accelerated amortisation of the Australian brands outlined below. The remaining £15.4m credit relates to the release of a corporation tax provision no longer deemed necessary following discussions with a tax authority and which has been disclosed as exceptional given its materiality. Total tax for the year was £27.6m (2013: £30.5m).

Looking ahead, we expect that the pre-exceptional effective tax rate on profit for 2015 will be around 19% and the cash tax effective rate will be 20%.

Exceptional costs

We incurred pre-tax exceptional charges of £83.4m. Of this, £2.0m was an exceptional finance cost, relating to the early termination of a banking facility.

The items charged were: a £9.7m provision for indirect European gambling taxes; a £0.5m cost relating to interest on a VAT refund received from HMRC in 2010 and repaid to them following legal action in 2013; a £19.4m provision relating to the closure of a portfolio of 108 Retail shops; and William Hill Australia costs relating to the acquisition and integration of tomwaterhouse.com (£3.3m), the management restructuring (£1.8m), the early settlement of the tomwaterhouse.com earnout agreement (£2.2m) and a £44.5m non-cash amortisation charge linked to the acceleration of amortisation of the Sportingbet and Centrebet intangible brand assets. This latter item follows the announcement that the Group intends to phase out these brands in favour of William Hill Australia.

The acceleration of the relevant brand intangible amortisation will bridge 2014 and 2015, with the un-amortised balance at the year-end (£64m) likely to be charged to profit in 2015. As with 2014, we expect to present the incremental amortisation as exceptional.

Earnings per share

Pre-exceptional profit for the year was £254.2m (2013: £247.6m). Following the acquisition of the minority stake in William Hill Online in 2013, there was no deduction of non-controlling interest in 2014 (2013: £15.3m) so retained profit for the period before exceptional items grew by 9% to £254.2m (2013: £232.3m). Retained profit for the period was £206.3m (2013: £211.2m).

Basic adjusted EPS was 29.9p, 4% higher (2013: 28.8p). This metric is calculated by taking pre-exceptional profit for the year and adjusting for the after-tax amortisation of acquired intangible assets; these adjustments reflect the key business metric of operating profit[1] and give a better sense of underlying business progress. Adjusted pre-exceptional profit after tax grew by 8% to £260.8m (2013: £241.5m) but the weighted average number of shares in issue grew by 4%, largely reflecting the full-year impact of the shares issued as a consequence of the equity raise in 2013 and to a lesser degree the issue of an additional 9.7 million shares in 2014 to settle share-based payment schemes.

Basic EPS was 23.6p (2013: 25.2p) and fully diluted EPS was 23.4p (2013: 24.7p).

Cash flow and balance sheet

The Group generated £368m of cash inflow from operating activities in 2014, up c£100m (2013: £268m). Of this increase, around £40m was generated by an improved pre-exceptional profit before interest and tax. Other major favourable movements included c£21m of lower cash tax payments and a favourable swing on working capital. The Group saw a working capital outflow of c£12m in 2013 but an inflow of c£47m in 2014. The major factors in this 2014 movement were increased accruals for staff incentives and increased accruals relating to exceptional items, including indirect tax provisions and shop closure provisions.

The Group spent £74.6m on capital investment during the year, slightly below the expected £80-90m range and below the prior year total of £84.6m. Whilst dividend payments grew by c£17m, from £87.1m in 2013 to £104.0m in 2014, this was more than offset by the cessation of distributions to non-controlling interests, which were c£22m in 2013.

After £180m of debt repayments during the year, the Group added c£15m to its cash and cash equivalents, leaving the Group with £222.1m of cash in hand, of which £89.7m relates to amounts due to clients and for which a matching payable balance is held. The Group's net debt for covenant purposes fell from £796m at the end of 2013 to £603m at the end of 2014.

£675m of gross debt relates to the two bonds in issue: a £300m 7.125% bond due in November 2016 and a £375m 4.25% bond due in June 2020. The Group refinanced its existing revolving credit facility in 2014 and now has a £540m revolver in place through to May 2019. Of this, £50m was drawn at the year-end.

We successfully refinanced our revolving credit facility in 2014, further strengthening our balance sheet, with an extension to the average maturity of the Group's borrowings at a lower cost. Our key banking covenant improved: net debt to EBITDA for covenant purposes stood at 1.4 times (2013: 2.0 times). Year-end net debt for covenant purposes fell from £796m to £603m.

The Group's pension scheme swung from an accounting deficit of £17.5m at the end of 2013 to a £27.5m surplus at the end of 2014. This was largely driven by a strong performance in investment returns above expectation. Following a formal three-year actuarial revaluation of the scheme as at 30 September 2013, the Company agreed a new funding plan in early 2014 with the pension trustee, with annual deficit repair contributions of £9.4m per annum through to May 2019.

[1] Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, and the amortisation of specific identified intangible assets recognised on acquisitions.
[2] Net revenue is a term equivalent to the Revenue defined by the statutory accounts on page 95.

AN ACTIVE APPROACH

ASSESSING RISK AND PUTTING STEPS IN PLACE TO RESPOND APPROPRIATELY IS ESSENTIAL BOTH TO PROTECT OUR GROUP AND TO MAKE CORRECT BUSINESS DECISIONS AFFECTING OUR FUTURE.

OVER RECENT YEARS, WE HAVE SUCCESSFULLY DEALT WITH SIGNIFICANT REGULATORY, FISCAL AND OPERATIONAL CHANGE WHILST SUSTAINING GROWTH AND EXPANDING INTERNATIONALLY. WE UNDERSTAND THE NEED TO BALANCE THE AMOUNT OF RISK WE TAKE WITH THE OPPORTUNITIES THE GROUP IDENTIFIES. OUR BOARD ALSO DETERMINES A LOWER RISK APPETITE IN KEY AREAS SUCH AS REGULATORY COMPLIANCE AND CUSTOMER SERVICE.

David Lowden
Non-executive Director and Chairman of the Audit and Risk Management Committee

Prioritising risks

We have set out our key risks as assessed by the Executive Management team and approved by the Board. We also provide a view on the likelihood of these risks crystallising in the coming year and the potential impacts, along with an indicator of the change in risk compared to the prior year assessment. The narrative outlines how the Group is placed to deal with risks as they impact the business.

High	Stable
Medium	Increasing
Low	Decreasing

Our approach

The Board is responsible for the process to determine and execute appropriate responses to the potentially significant risks to be addressed in pursuit of the Group's strategic objectives. These actions are taken in the context of a defined risk appetite which has clear standards and definitions, and which is reviewed annually by the Board. This is supported by a structured risk management process as defined below.

The Board routinely monitors risks that could materially and adversely affect William Hill's operational results, strategic and financial goals, and is supported by executive management and the Risk and Audit function. Risks are identified and monitored through a series of risk workshops and risk registers, both at the Group level and within the individual businesses.

At the individual business level, risk assessments identify risks outside of defined appetites and local management are tasked with developing action plans to mitigate the impact of them with clear allocation of responsibilities. Progress is monitored at the executive level and reported upon to the Board's Audit and Risk Management Committee. An annual assessment is also conducted and reported to the Audit and Risk Management Committee as to the effectiveness of the risk management processes for the year.

Below is a summary of the Board's assessment and response to the principal risks facing William Hill. A more extensive list of risks is provided in the investor relations section of our corporate website at www.williamhillplc.com. An explanation of how the Group manages its various financial risks is provided in note 21 to the financial statements.

Area of risk

CHANGE IN REGULATORY REQUIREMENTS

Likelihood	Impact	Change
High	High	↔ Stable

What's the issue?

The Group's growing international reach, alongside developments in the UK regulatory landscape, drives continually evolving regulatory challenges for the Group. During the period the Group has successfully adapted to changing regulatory requirements in key territories and a change in the regulatory regime for our Online business.

Whilst regulatory change may lead to the opening up of key opportunities, it also has the potential to negatively impact our business, through restricting betting activities or driving increased compliance costs.

What are we doing to address the issue?

Our scale and position within the market sets the expectation that William Hill will be a leader in regulatory compliance and standards in the industry.

We remain wholly confident that our investment in our compliance and assurance functions allows us to identify, understand and address changing regulatory requirements in an efficient and effective manner.

We actively engage with both the UK Government and opposition parties to discuss the measures by which we fulfil our obligations under the licensing objectives in the UK, in terms of protecting the vulnerable (particularly by setting standards in promoting responsible gambling), keeping crime out of our business and behaving in a fair and open manner towards our customers. We have also engaged with the EU and Treasury in respect to the draft EU 4th Money Laundering Directive.

In addition to our ongoing support and continued adherence to the voluntary ABB Code, William Hill (in conjunction with Ladbrokes, Coral and Paddy Power) was instrumental in creating, and has agreed to fund, the recently launched Senet Group, which aims to promote responsible gambling standards and to hold its members to account. Led by an independent Standards Commissioner, Senet's independence and objectivity is guaranteed by its Board structure.

We maintain dialogue with regulators and other key stakeholders in our licensed territories internationally, continually monitor the changing legal landscape and adapt our strategy on a country-by-country basis to changes in regulation. A high proportion of Online's revenues are derived from licensed territories, which mitigates risks associated with operating on a non-locally licensed basis.

Senior management are responsible for regulatory issues and work with an internal team and various industry bodies to build relationships with political decision-makers and to make representations to governments.

Area of risk

FISCAL CHANGE

Likelihood	Impact	Change
High	High	↔ Stable

What's the issue?

The Group is exposed to multiple taxation regimes throughout our international footprint and to the ability of customers to transact with our Online business in certain areas where we do not have a physical presence. There is, therefore, a risk that changes to the taxation status of gambling or the rates at which gambling is taxed in these territories lead to increased costs for the business. During the year the UK POCT regulations took effect over UK customers betting with the Online business. The Group has also seen increases in payments required by sporting bodies and further discussion on this topic is ongoing. MGD is expected to increase from 20% to 25% on 1 March 2015.

What are we doing to address the issue?

As a scale operator, the UK POCT and other taxation changes represent an opportunity to take market share from those operators who are not well placed to deal with the imposition of the tax. There will be a requirement to ensure that cost savings and efficiencies throughout the Group help to offset the overall impact of this and other taxes. The Group continues to review options and assess its operations in the light of this. For example, during the year a decision was made to close 108 LBOs which were likely to be rendered unviable by the upcoming increase in MGD.

The Group actively engages in relevant government consultations.

Our continued international expansion makes the risk of taxation change more likely, if not certain, to some extent across our footprint. However, it actively reduces the reliance on any individual country and will lessen the impact of changes imposed by any one government.

MANAGING OUR RISKS

Area of risk

KEY SUPPLIER RELATIONSHIPS

Likelihood	Impact	Change
Low	High	Stable

What's the issue?

The Group is dependent on a number of key suppliers for operations, software, systems, marketing and customer services in both Retail and Online. Contractual, operational or financial failures could cause significant damage to the business and in key areas a wholesale failure across multiple suppliers would be a catastrophic issue for the business, if rather unlikely.

What are we doing to address the issue?

The Group is investing significantly in core technology platforms which will reduce reliance on third parties as part of our core technology strategy.

During the year we continued to invest in our Group procurement function, including the introduction of a risk-based supplier management process across all key business partners and a series of supplier audits conducted between our procurement, internal audit and business continuity teams.

We have also assessed our supplier relationships and sought to change suppliers or to exit relationships where our needs were not being successfully delivered throughout the Group, including key supplier relationships in overseas territories. We have strong, active working relationships with remaining key strategic and software partners, with identified executives managing key relationships.

All significant contracts and service level agreements go through a robust procurement process to ensure terms and service levels provide effective protection for the business.

Area of risk

BUSINESS CONTINUITY AND DISASTER RECOVERY PREPAREDNESS

Likelihood	Impact	Change
High	Low	Stable

What's the issue?

During the year we experienced two significant business continuity events in our Online business, which served as a sharp reminder that factors outside our control can materially impact our business. However, in both cases our Business Continuity Plans (BCP) allowed us to continue to operate with minimal disruption to our business and with relatively minor impacts on our customers. This clearly demonstrates the value of the existing BCP and flexible IT capability.

Whilst we have dealt effectively with these major incidents, there remains the risk of further impairment of our operations, for example by a technology failure or terrorist attack. In particular, the Group is reliant on extensive IT systems and if our primary systems failed our ability to offer products and pricing to customers could be seriously curtailed or shut down altogether.

What are we doing to address the issue?

During 2014, the Group has made significant investments in the business continuity planning and disaster recovery fields. The ongoing status of BCP is regularly reviewed by executive management and the Board.

Ongoing investment in enhancing our capabilities in the Group continues, with significant improvements to existing arrangements and practices across the Group. Further back-up IT systems have been put in place for a number of business critical systems, generally in different geographic locations from the main system. However, this is not intended to be a full duplication of the operational systems as this would not be cost effective so some day-to-day activities could be curtailed should an incident occur. Work is currently ongoing to allow the Group to deliver on its planned four-hour targets for technical online systems recovery in the event of a major catastrophic incident.

Business owners are key in identifying the criticality of their services and agreeing their recovery requirements with internal and external service providers.

We have commissioned multiple recovery sites across the Group which will provide for continuing operations of business critical functions in the event of major incidents and have introduced communication tools which will cascade information and allow management to effectively plug into recovery processes worldwide should BCP be invoked for any reason. These arrangements have also been extended into our material supplier network in the Online and Retail businesses. We will also continue to test and rehearse our people, technology and building services infrastructure to ensure that business continuity capability and readiness is embedded in the culture of the business.

Area of risk

UK AND INTERNATIONAL GROWTH OPPORTUNITIES

Likelihood	Impact	Change
Medium	High	Increasing

What's the issue?

Globally, a number of governments are changing or considering changing their regulation of gambling, which could present opportunities for William Hill to expand.

Further expansion could place increased demands on the capacity of the management team, require additional integration and alignment activities and increase the complexity of the Group's technology landscape.

What are we doing to address the issue?

We perform extensive analysis of different markets and closely monitor regulatory changes in different countries to identify expansion opportunities. The Corporate Development Office, reporting to the CEO, manages lead identification and M&A support.

Online is targeting its international expansion on a small number of territories (primarily where we can take a local licence), ensuring focused investment of marketing spend in priority markets.

Our results show profitable growth in the Australian and Nevada businesses as we continue to support local management in maturing and expanding their businesses whilst working with our existing operations to effectively share knowledge and products where appropriate.

A core component of our overall strategy is harnessing the significant opportunities omni-channel represents with our leading Online product and our exceptional Retail base.

Area of risk

DATA PROTECTION AND TECHNOLOGY RISK

Likelihood	Impact	Change
Medium	Medium	Stable

What's the issue?

The risk of cyber attacks, distributed denial of service (DDoS) attacks and unauthorised access is a key issue for the industry and the wider online world. In addition, failure to comply with regulations regarding the use of personal customer data could risk litigation or damage to our corporate reputation. The likelihood of cyber attacks and impact of such events could increase as we continue to promote the use of online and mobile products and develop our international businesses which have localised regulations to comply with.

What are we doing to address the issue?

The Group's Retail, Telephone and Online divisions are compliant with the Payment Card Industry Data Security Standard and regulatory security requirements for the jurisdictions in which we operate.

We have made significant investments during the year in our Technology Security team and security protection, and despite being the subject of increased levels of cyber threats, we have successfully mitigated the vast majority of these attacks and have not experienced major service loss as a result of any such attacks during the year.

Our Online business undertakes regular external security scans and has controls in place to mitigate the effects of DDoS attacks against our systems.

We work with a number of specialist IT partners to ensure that our security arrangements and systems are well structured and up-to-date with the latest IT security developments.

MANAGING OUR RISKS

Area of risk
REGULATORY COMPLIANCE

Likelihood	Impact	Change
Low	High	Stable

What's the issue?

We have to ensure we have robust processes for meeting the British Gambling Commission's three licensing objectives and for complying with all the regulatory requirements of the jurisdictions in which we operate. Continuing changes in regulation, particularly of online gambling, could result in a regulatory breach and sanctions if not identified in a timely manner and result in damage to our reputation or regulatory sanction. Technology solutions put in place to block access to customers from certain jurisdictions may fail. Failure to detect money laundering, fraudulent activities, or customer behaviour indicative of problem gambling could adversely affect our financial condition.

What are we doing to address the issue?

A Group-wide review determined the design and operation of the compliance operations and reporting were effective.

We adhere to the Proceeds of Crime Act 2002 in the UK and online gaming is a regulated sector for money laundering. We have dedicated regulatory and compliance teams within the business. We have a number of processes to detect and report suspicious activity, and to handle requests for assistance from law enforcement agencies and regulators, all of which is overseen by the Group's Money Laundering Reporting Officer.

As well as a structured programme of responsible gambling interactions we are also deploying data analytics and modelling which seeks to identify a range of problem gambling indicators.

Area of risk
RECRUITMENT AND RETENTION OF KEY EMPLOYEES AND SUCCESSION PLANNING

Likelihood	Impact	Change
Low	Medium	Decreasing

What's the issue?

The William Hill Group is an increasingly complex organisation with operations in multiple countries across the world. Our success is driven through the development and retention of a focused leadership team and a number of skilled specialist employees throughout our business. The development of this population of key employees and the appropriate recruitment and integration of new talent to supplement this team underpins our growth strategy, as well as the need to ensure appropriate succession plans are developed and monitored to support our growth in the longer term.

During the period we transitioned to a new CEO and saw well-managed turnover within our senior management team, as any business of our size would anticipate.

What are we doing to address the issue?

Overall, the Group provides competitive salary and benefits packages, including short-term bonuses and long-term share-based incentives, and regularly reviews these for competitiveness.

All employees are encouraged to become owners of the business through annual Save-As-You-Earn programmes.

The Board has visibility to key leadership remuneration arrangements through the Remuneration Committee and the decision to appoint James Henderson as our new CEO during the year was made by the Board following a recommendation by the Nomination Committee.

The Group continues to utilise robust appraisal and goal setting processes and performs annual talent reviews with the senior management team. The Group regularly reviews the levels of employee engagement through an annual employee survey and implements specific action plans to address areas of improvement.

CHAIRMAN'S INTRODUCTION

MANAGING FOR SUCCESS

THE BUSINESS IS IN GOOD SHAPE BUT TO HELP SUPPORT THAT MOMENTUM WE HAVE A DEDICATED BOARD WHICH TAKES AN ACTIVE INVOLVEMENT IN PROVIDING STRATEGIC LEADERSHIP. THE GOOD GOVERNANCE AND RESPONSIBLE PRACTICES WE HAVE IN PLACE THROUGHOUT THE BUSINESS START WITH THE BOARD, WHICH SETS THE TONE FROM THE TOP.

THIS REPORT EXPLAINS HOW THE BOARD OPERATES AND HOW GOOD GOVERNANCE CONTRIBUTES TO THE EFFECTIVE RUNNING OF THE BUSINESS.

Gareth Davis
Chairman

Supporting a business in great shape

2014 was another busy year for the Board, with much time devoted to the creation of long-term value for our shareholders and managing the various challenges which face the business. The Board and management continue to have great confidence in the future of William Hill and are confident we are in a strong position going into 2015.

Delivering leadership for the future

Ensuring the best leadership for the business was one of the most important priorities for the Board in 2014. The Board and in particular the Nomination Committee devoted a significant amount of time in the search for a new Chief Executive Officer (CEO). We had prepared a comprehensive brief and role profile so that we had a common position on the leader needed to succeed Ralph Topping.

I would like to once again thank Ralph for his exceptional contribution and achievements. Following an extensive process, which looked at both external and internal candidates, the Board was delighted to appoint James Henderson to take up the reins as CEO with effect from 1 August 2014. James not only leads the business but has an Executive Committee team which functions very well to further reinforce the executive management bench strength.

In addition to getting the right blend of talent on the Board and in the Executive Committee team, the Board is also conscious that there must be a robust and comprehensive plan so that we can develop senior managers in the business. Throughout 2014 the Company continued to deploy a range of development programmes for senior managers. In addition, during 2014 the Board visited various Company operations and we saw first hand the excellent and promising work undertaken by talented and highly motivated colleagues throughout the business.

Maintaining an effective Board

The appointment of James Henderson was not the only change in the Board during 2014. It is important to ensure we maintain the right mix of talent, business background and skills on the Board and I was delighted to announce earlier in 2014 that Sir Roy Gardner joined the Board as a Non-executive Director (and subsequently as Senior Independent Director). Sir Roy replaced David Edmonds who completed his nine years of service in 2014 and I would like to thank David for his significant contribution to the Board over the past years. Sir Roy has extensive corporate experience and adds to the Board with his wealth of experience and insight in terms of governance, risk management and strategy. The addition of James and Sir Roy to the Board also provides an excellent opportunity to infuse new thinking and to complement the substantial experience of the other directors, all of whom have now served at least three years on the Board.

CHAIRMAN'S INTRODUCTION

The Board has a total of eight directors, two of whom are executive directors. Diversity on the Board is still an important way to help ensure the Board's performance remains optimised and I consider that we retain a wide skill set of experience and expertise to provide effective leadership. In respect of gender diversity, 25% of the Board are women, which is in line with the recommendations of Lord Davies following his review into women on boards. Whilst the Board recognises the benefits of greater diversity, it is not supportive of the setting of quotas and appointments will continue to be made on merit.

The Board continues to recognise the benefits of having a regular process to assess its performance and I was pleased to see from the outcomes of the evaluation undertaken for 2014 that the Board continues to work well. The Statement on Corporate Governance explains in further detail how we undertook the evaluation process and has a summary of the outcomes. As one would expect with a committed Board, there is some fine tuning which we will implement to continue to improve our effectiveness.

Committed to good governance and a focused business strategy

The Board continues to demonstrate strong commitment to good governance to ensure that our business is run in the right way. This includes maintaining a good dialogue with our shareholders, particularly with our larger institutional investors so we can listen to and understand their views. Of particular note was a successful 'Capital Markets Day' visit to Australia in October 2014 where analysts and shareholders met our new Australian management team and learned more about the Australian business.

For the first time, 2014 saw the introduction of a binding shareholder vote regarding our Directors' Remuneration Policy. I was therefore very pleased to see, after a comprehensive engagement process with some of our larger shareholders, that we received a very high level of support for our Remuneration Policy at the 2014 Annual General Meeting (AGM). This was a crucial matter to ensure we can continue to leverage on the skills and enthusiasm of our highly talented management team in what is a very competitive market. Remuneration is discussed further in the Directors' Remuneration Report.

Another key development in corporate governance during 2014 related to the services provided by external auditors. New legislation means that listed companies such as William Hill will be required to change their external auditor at certain intervals and that the external audit must also be put to a competitive tender at certain intervals. In the 2013 Annual Report we explained why the Board had chosen not to put the external audit to tender. The Audit & Risk Management Committee has further considered this matter very carefully in 2014 and has recommended to the Board that now would not be the right time to seek a tender and the Board has agreed with this recommendation. This is further explained in the report from the Audit & Risk Management Committee. Apart from the foregoing, I can report that for 2014 William Hill was in full compliance with the UK Corporate Governance Code (2012) which was applicable for our 2014 financial year.

In addition to ensuring good governance for the business, the Board of course kept a strong focus on strategy. During 2014 we had a very successful Strategy Conference which involved the Board and the senior management team. This provided an excellent opportunity for James in his new capacity as CEO to work with the Board and the senior management team in finessing our strategic priorities.

Annual General Meeting

I and the rest of the Board were pleased to talk to many of our shareholders at the 2014 AGM. The AGM remains an important opportunity for the Board to meet with shareholders, particularly those who may not otherwise have the chance to engage with the Board and senior managers. Our 2015 AGM is scheduled for 11.00 a.m. on 7 May 2015 at The Cavendish Conference Centre in London and we look forward to seeing you there.

Gareth Davis
Chairman

REPORT ON CORPORATE GOVERNANCE

Introduction and Statement of Compliance

The Board believes that good corporate governance contributes to William Hill's performance and the report which follows explains our most important governance processes and how they support the business. In particular we have applied the principles of good corporate governance advocated by the UK Corporate Governance Code (the Code), published by the Financial Reporting Council (FRC) in September 2012. The Code is available from the FRC's website www.frc.org.uk. It is the view of the Board that the Company has been compliant with the principles of the Code during the whole of 2014 with the exception of Code provision C.3.7, which recommends that the FTSE 350 companies should put the external audit contract out to tender at least every ten years. The report from the Audit & Risk Management Committee explains the reasons why it has been decided not to have undertaken a tender.

In September 2014, the FRC issued a revised version of the Code which applies to accounting periods beginning on or after 1 October 2014. During the year the Board reviewed the revised Code and its amended provisions. Relevant revisions to our governance processes are being made and we will report against the revised Code in the 2015 Annual Report.

The Board of Directors

The Board's Role

The Board of William Hill remains committed to high standards of corporate governance, which we consider to be vital to the effective management of the business and to maintaining the confidence of investors.

We have a defined framework of roles and responsibilities in place to support the Board's operation. The Board is responsible for:

- development of strategy and major policies;
- reviewing performance;
- approving interim dividend payments and recommending final dividend payments;
- approval of the annual operating plan, financial statements, major acquisitions and disposals;
- the Group's corporate governance and corporate responsibility arrangements; and
- the appointment and removal of directors.

Board balance and composition

As at 30 December 2014, the Board comprised five independent Non-executive Directors, the Chairman (who was independent upon his appointment) and two executive directors who are collectively responsible for the long-term success of the Company. James Henderson was appointed to the Board as an executive director on 4 July 2014 and assumed the role of CEO on 1 August 2014 upon the retirement of Ralph Topping.

The roles of Chairman and CEO are separated, clearly defined in writing and approved by the Board. David Edmonds was the Senior Independent Non-executive Director until he retired from the Board in May 2014. Sir Roy Gardner, who was appointed to the Board as a Non-executive Director in March 2014, succeeded David Edmonds as Senior Independent Director in May.

During 2014 and up to the date of this report, 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.

The proportion of women members of the Board currently stands at 25%. The Company regards each of Sir Roy Gardner, Ashley Highfield, David Lowden, Georgina Harvey and Imelda Walsh as independent Non-executive Directors, a matter which is reviewed annually. Ashley Highfield was appointed in 2008 and during the year the Nomination Committee and the Board reviewed Ashley Highfield's independence against provision B.2.3. of the Code, which requires that any term beyond six years for a Non-executive Director be subject to particularly rigorous review and should take into account the need for progressive refreshing of the Board. The Board continues to regard Ashley Highfield as independent. Gareth Davis satisfied the independence criteria detailed in provision A.3.1 of the Code upon his appointment as Chairman on 1 September 2010.

The Board comprises individuals with wide business experience gained in various sectors of industry and in the public sector. The directors' aim is to ensure that the balance of the Board reflects the needs of the Group's business and to ensure a thorough consideration of the important issues facing William Hill and its performance.

Board balance

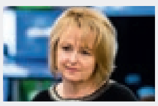

James Henderson
Bookmaking and gaming


Gareth Davis
International regulated business


David Lowden
International business and finance


Neil Cooper
Leisure, construction, international and finance


Georgina Harvey
Media and publishing


Imelda Walsh
Retail and human resources

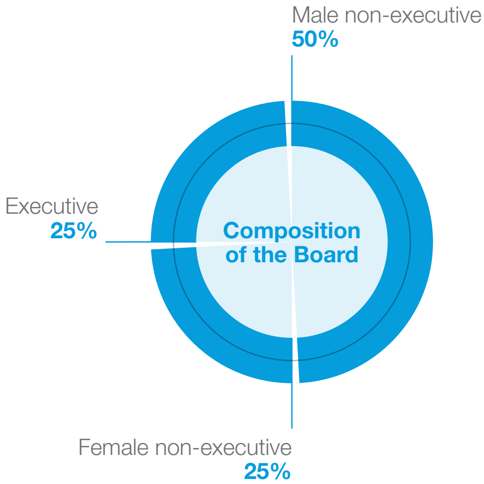

Sir Roy Gardner
International business

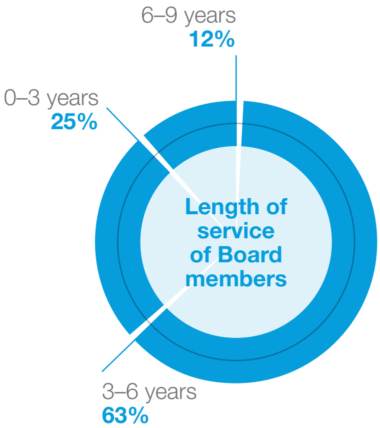

Ashley Highfield
Media and technology

BOARD OF DIRECTORS

EXPERTISE AND EXPERIENCE

Board composition and approach





Gareth Davis
Chairman

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

Board committees:
Nomination Committee (Chairman)
Corporate Responsibility Committee
Remuneration Committee

Current directorships:
Wolseley plc (Chairman)
DS Smith PLC (Chairman)

Former roles:
Chief Executive, Imperial Tobacco Group PLC

Year of appointment:
2010

James Henderson
Chief Executive Officer

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

Board committees:
Corporate Responsibility Committee

Former roles:
Various roles within William Hill PLC

Year of appointment:
2014

Neil Cooper
Group Finance Director

Responsibilities:
Finance, strategic planning, procurement, internal audit and investor relations

Current directorships:
Pennon Group plc (Non-executive Director)

Former roles:
Finance Director, Bovis Homes Group PLC;
Group Finance 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

Sir Roy Gardner
Senior Independent Non-executive Director

Board committees:
Audit and Risk Management Committee
Remuneration Committee
Corporate Responsibility Committee
Nomination Committee

Current directorships:
Mainstream Renewable Power Ltd. (Chairman)
Willis Group Holdings plc (Non-executive Director)

Other organisations:
Chairman, Energy Futures Lab
Senior Adviser, Credit Suisse Group
Chairman, HM Government Apprenticeship Ambassadors Network
Visiting Fellow, Oxford University

Former roles:
Chairman, Compass Group plc
Chairman, Plymouth Argyle Football Club
Chairman, Manchester United plc
Chief Executive, Centrica plc
Group Finance Director, British Gas plc
Executive Director, General Electric Company plc
Chief Operating Officer, Northern Telecom
EnServe Group Ltd. (Chairman)

Year of appointment:
2014

Georgina Harvey
Independent Non-executive Director

Board committees:
Remuneration Committee
Corporate Responsibility Committee
Nomination Committee

Current directorships:
Big Yellow Group PLC (Non-executive Director)
McColl's Retail Group plc (Non-executive Director)

Former roles:
Managing Director of Regionals, Trinity Mirror plc;
Managing Director of Wallpaper* Group, IPC Media;
Managing Director of IPC Advertising, IPC Media;
Sales Director, IPC Magazines;
Various advertisement sales and management roles, Express Newspapers

Year of appointment:
2011

Ashley Highfield
Independent Non-executive Director

Board committees:
Corporate Responsibility Committee (Chairman)
Audit and Risk Management Committee
Nomination Committee

Current directorships:
Johnston Press PLC (Chief Executive)
BAFTA (Member)
British Film Institute (Governor)

Former roles:
Managing Director and Vice President, Microsoft UK;
CEO, Project Kangaroo;
Director, New Media & Technology;
Member of executive board and management board, BBC;
Managing Director, Flextech Interactive Limited

Qualifications:
Chartered Information Engineer (CEng)
Fellow of Royal Society of Arts (FRSA)

Year of appointment:
2008

David Lowden
Independent Non-executive Director

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

Current directorships:
Berendsen plc (Non-executive Director)
Michael Page International plc (Non-executive Director)

Former roles:
Non-executive Director, Cable & Wireless Worldwide plc;
Chief Executive, Taylor Nelson Sofres PLC;
Chief Operating Officer, Taylor Nelson Sofres PLC;
Group Finance Director, Taylor Nelson Sofres PLC;
Group Finance Director, Asprey Plc;
Chief Financial Officer, A.C. Nielsen Corporation;
Various senior finance roles in Norcros Plc;
Federal Express Corporation and KPMG

Qualifications:
Chartered Accountant

Year of appointment:
2011

Imelda Walsh
Independent Non-executive Director

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

Current directorships:
First Group plc (Non-executive Director)
Comic Relief (Trustee)
Mothercare plc (Non-executive Director)
Mitchells & Butlers plc (Non-executive Director)

Former roles:
Institute of Employment Studies (Board member);
Human Resources Director, J Sainsbury Plc;
Human Resource Director, Barclays Bank Plc;
Commercial Human Resources Director, Coca-Cola & Schweppes Beverages Ltd;
Human Resources roles at Diageo Plc;
Commissioner, Workplace Retirement Income Commission
Now Pensions Ltd. (Trustee)
Mentoring Foundation (Non-executive Director)

Year of appointment:
2011

Luke Thomas
Company Secretary

Responsibilities:
Board support, company secretariat, London Stock Exchange compliance, corporate governance and pensions

Former roles:
Head of Governance, Centrica plc
Group Deputy Secretary, RSA Insurance Group plc
Deputy Secretary, Spirent Communications plc

Qualifications:
Fellow of the Institute of Chartered Secretaries and Administrators (ICSA)

Year of appointment:
2013

STATEMENT ON CORPORATE GOVERNANCE

The operation of the Board

Role of Chairman, CEO and Senior Independent Director

Throughout 2014, the Chairman, Gareth Davis, was responsible for leadership of the Board, ensuring its effectiveness in all aspects of its role and setting its agenda. James Henderson, as the CEO, is the executive responsible for the running of the business. Sir Roy Gardner is the Senior Independent Non-executive Director and his 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. The role of the Senior Independent Director also includes, if needed, a process under which he/she might intervene to maintain Board and Company stability. The role specifications of Chairman, CEO and Senior Independent Non-executive Director are defined in writing and approved by the Board. No one individual has unfettered powers of decision-making.

Matters reserved to the Board

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 oversee robust corporate governance and risk management practices. The Board operates within a formal Schedule of Matters Reserved to it and this forms part of an overarching Group Delegation of Authority. Other powers are delegated to the various Board Committees and senior management via formal Committee terms of reference or via the Group Delegation of Authority. During 2014 a comprehensive review of both the Group Delegation of Authority and the Schedule of Matters Reserved to the Board was undertaken by the Company Secretary for consideration by the Board. Refinements were made to reflect changes in the Group, including its continuing growth and to reflect its greater international diversification. The Group Delegation of Authority and Schedule of Matters Reserved to the Board will continue to be reviewed and updated on a regular basis. Details of the roles and responsibilities of the Board Committees are set out within this report.

Matters reserved to the Board include:

- setting the overall direction, long-term objectives and strategy of the Group and delegating day-to-day management to the CEO;
- 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, Half Yearly Statement and setting the Group's dividend policy;
- approval of the Group's charitable donations and Group-wide corporate responsibility policies;
- undertaking reviews of Board, Committee and individual director performance; 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 activities; the setting of bet acceptance limits; and routine transaction processing.

How the Board operates

The Chairman, along with the executive directors and Company Secretary, has established Board processes designed to maximise its performance. Key aspects of these are shown below:

- Board meetings are scheduled to ensure consideration of issues relevant for the Board and to provide adequate time for discussion of each agenda item. This takes the form of advance planning for the forthcoming Board meeting. In addition, we review over the longer term the issues which need to be considered by the Board so that a sufficiently strategic outlook is retained. At each Board meeting progress against previously agreed actions is dealt with as a standing item and this ensures that matters of most importance on which the Board have requested action have been progressed appropriately;
- reporting packs are normally distributed at least four working days in advance of Board meetings, enabling them to be as up-to-date as possible whilst allowing sufficient time for their review and consideration in advance of the meeting. Verbal updates at Board meetings cover any material developments subsequent to the distribution of Board packs. Presentations and discussions during Board meetings are provided by either the executive director concerned or by the relevant senior manager who has been invited to attend for that particular item;
- where a director is unable to attend he or she is still provided with the papers in order to comment on the matters to be discussed;
- comprehensive reporting packs are provided to the Board, which are designed to be clear, accurate and analytical, whilst avoiding excessive and unnecessary information. Papers are distributed and retained in an electronic system, providing directors with instant access to current and prior papers at any time;
- management accounts with commentary are distributed to the Board on a regular basis. The Board regularly reviews risk management and challenges this where appropriate;
- Board discussions are held in a collaborative atmosphere of mutual respect allowing for questions, scrutiny and constructive challenge, where appropriate. In addition to formal Board meetings, during the year the Board held a series of informal dinners which provided an excellent opportunity for further discussion between the Board and for the Board to

engage further with various members of the management team in discussions over various matters in a more informal setting;

- full debates allow decisions to be taken by consensus (although any dissenting views would be minuted accordingly);
- the development of strategy is led by the executives with input, challenge, examination and ongoing testing from the Non-executive Directors;
- Group strategy is reviewed by the Board, most particularly at the Board's annual strategy meeting. The annual strategy meeting in 2014 refined the Company's strategic priorities and covered each material part of the business. Senior managers attended the annual strategy meeting to provide additional strategic input across all parts of the business. A comprehensive process is in place to track and follow up on actions arising from the annual strategy meeting. Strategic matters are also reviewed as appropriate at each Board meeting;
- good working relationships exist between Non-executive Directors and non-Board members of the senior management team, which are encouraged by the executive directors;
- members of the senior management team draw on the collective experience of the Board, including its Non-executive Directors; and
- the Board visits the Group's business locations both to review its operations and to meet with local management. This included a two-day site visit to the Company's operations in Leeds during 2014, where much of the Group's Retail and other operations are based.

Conflicts of interest

In accordance with the Companies Act 2006, the Company's Articles of Association include provisions reflecting recommended practice concerning conflicts of interest. The Board has in place procedures for directors to report any potential or actual conflicts to the other members of the Board for their authorisation where appropriate. In deciding whether to authorise a conflict or potential conflict of interest only non-interested directors (i.e., those who have no interest in the matter under consideration) will be able to take the relevant decision. In taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. In addition, the directors may impose conditions or limitations when giving authorisation if they think this is appropriate.

Board Committees

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

The terms of reference of the Committees are available upon request or via the Group's corporate website (www.williamhillplc.com) and are regularly reviewed by the relevant committee and the Board. All Committees have access to independent expert advice as necessary. Appointments to Board committees are for three-year terms extendable by no more than two additional three-year terms.

James Henderson also chairs an Executive Committee team, which meets at least six times a year and includes senior management within the business. The Executive Committee team retains oversight on issues affecting the day-to-day management of the Group's operations and also reviews certain matters prior to Board or Board Committee consideration. Members and regular attendees at Executive Committee team meetings are:

James Henderson, CEO (Chair)
Neil Cooper, Group Finance Director
Joe Asher, CEO William Hill US
Robin Chhabra, Group Director of Strategy and Corporate Development
Kristof Fahy, Chief Marketing Officer
Nicola Frampton, Director, UK Retail
Jamie Hart, Group Director of Innovation and Customer Experience
Michael Leadbeater, Director of Group Legal Services
Andrew Lee, Managing Director, Online
Calum Lynch, Director of Risk & Audit
Phil Moyes, Group Chief Information Officer
Terry Pattinson, Group Director of Trading
David Russell, Group Human Resources Director
David Steele, Director of Corporate Affairs
Luke Thomas, Company Secretary
Tom Waterhouse, CEO William Hill Australia

During the year a sub-committee of the Board comprising the Chairman and the executive directors considered the remuneration of the Non-executive Directors. This is explained further in the Directors' Report.

Board performance

Information and professional development

The Chairman, supported by the Company Secretary, takes responsibility for ensuring that the directors receive accurate, timely and clear information. The Board receives reports from management on the performance of the Group at Board meetings and other information. Regular updates are provided to the Board and Board Committees on relevant legal, corporate governance and financial reporting developments. Directors are also encouraged to attend external seminars on areas of relevance to their role to further enhance their knowledge and details of suitable training events are forwarded to directors by the Company Secretary.

The Chairman is responsible for taking the lead on issues of director development and encouraging all Board members to engage in Board and Committee meetings by drawing on their skills, experience and knowledge. In particular, the Chairman has led a process whereby many of the Non-executive Directors deepened their knowledge of the business through a series of individual site visits across the business. This has proved to be very helpful and observations following site visits are shared with the rest of the Board.

Each newly-appointed director receives an induction and each induction programme is tailored specifically to suit the needs of the newly-appointed director. During the year James Henderson and Sir Roy Gardner were both appointed to the Board. James Henderson, for example, has many years of experience at William Hill, so his induction programme was tailored to focus in particular on matters such as investor relations and his duties under the listing regime. Sir Roy Gardner's induction covered a range of general, industry and Group-specific information and there was also a handover process as Sir Roy assumed the role of Senior Independent Director from David Edmonds. Induction programmes are also in place for appointment to the Board Committees.

Each director has access to all required information relating to the Group and to the advice and services of the Company Secretary. The Board also obtains advice from professional advisers as and when required and directors may, as required, obtain external advice at the expense of the Group.

Board performance evaluation

The Board continues to recognise the benefits of an effective evaluation of its performance and the process for 2014 was conducted internally with the assistance of the Company Secretary (this follows an external process conducted in 2013). Questionnaires were agreed by the Chairman in respect of the Board and by each Committee chair in respect of their respective Board Committee. Each Board member and Committee member completed their respective questionnaires online and in confidence and the results were collated for further review and discussion by the Board and the respective Committee.

The review concluded that the Board continues to work well. There had been ongoing improvements and delivery against some of the important matters highlighted in the previous year, for example, regarding succession planning for the new CEO and on further refinements to the Board strategy conference. Some further areas, which will be incorporated into an action plan, have been highlighted for further improvement and include:

- some fine tuning in the Board's scheduling, forward agenda setting process and a more structured periodic review of how the Company is meeting its objectives;
- making even better use of the Board's informal Board dinners;
- allowing additional time for more in-depth debate on certain strategic decisions, scenarios and alternatives;
- a greater focus on corporate culture and on management development; and
- further improvements on the content and timing of certain Board papers.

In addition to reviewing the Board's effectiveness, a further opportunity was also taken through the evaluation process for each Board member to identify the issues and topics they considered to be of most importance for Board debate during 2015. The Chairman, CEO and Company Secretary will review these issues and topics and they will be incorporated into the 2015 Board calendar for further discussion and action as appropriate.

Board meetings during 2014

Attendance at Board and Board Committee meetings

Details of Board and Committee attendance during 2014 are set out in the table below. All directors are expected to attend all Board and relevant Committee meetings.

	Board					
	Scheduled	Ad Hoc	Audit & Risk Management Committee	Corporate Responsibility Committee	Nomination Committee	Remuneration Committee
Number of meetings held	10	1	6	3	7	7
Meetings attended						
Gareth Davis	10	1	n/a	3	7	7
Neil Cooper	10	1	n/a	n/a	n/a	n/a
David Edmonds[1]	4	–	2	1	3	2
Sir Roy Gardner[1]	7	1	4	2	5	5
Georgina Harvey	10	1	n/a	3	7	7
James Henderson[1]	5	–	n/a	2	n/a	n/a
Ashley Highfield	10	1	6	3	6	n/a
David Lowden	10	1	6	n/a	7	7
Ralph Topping[1]	4	–	n/a	1	n/a	n/a
Imelda Walsh	10	1	6	3	7	7

Where a director was not in attendance, this was due to other unavoidable commitments. Directors who were unable to attend a Board or Committee meeting received the relevant papers and provided their comments to the Chairman of the Board or Committee, as appropriate. In addition, any director who missed a meeting received the minutes of that meeting for future reference.

[1] David Edmonds and Ralph Topping retired from the Board on 8 May 2014 and 31 July 2014 respectively. Sir Roy Gardner and James Henderson were appointed to the Board on 3 March 2014 and 4 July 2014 respectively. Each attended all Board meetings for the period in which they were a director with the exception that Sir Roy Gardner and Ralph Topping each missed one scheduled Board meeting and Ralph Topping missed one ad hoc Board meeting.

Summary of Board activity during 2014

Each scheduled Board meeting reviews individual reports received from the CEO, the Group Finance Director, the Director of Group Legal Services and the Company Secretary, as well as reviewing progress against previously agreed actions and progress against the outcomes of the annual Board strategy conference.

Other topics and discussions in Board meetings held in 2014 included:

- updates on regulation and taxation. In particular the Board considered the impact of the UK Government's decision announced in the 2014 Budget to increase the rate on Machine Games Duty (MGD) from 20% to 25%. Also, the Board further considered steps to mitigate the introduction of the Point of Consumption tax (POCT);
- approval of a new bank loan agreement, in respect of a five-year £540m committed multi-currency revolving credit facility;
- in respect of the Australian businesses, the appointment of Tom Waterhouse as CEO of William Hill Australia. The Board also agreed the early settlement of an earn-out in respect of the acquisition of tomwaterhouse.com. In addition, the Board reviewed the branding of the Australian businesses;
- consideration and approval of the appointments of James Henderson and Sir Roy Gardner;
- the Board periodically reviewed potential acquisitions in pursuit of its strategy;
- Board evaluation and governance; and
- approval of the annual operating plan for 2015.

Presentations made to the Board included:

- regulatory and corporate affairs updates;
- operations, technology and new propositions for the Retail business;
- succession planning and talent management;
- strategy for social media;
- risk management;
- corporate development;
- marketing; and
- investor relations.

Engagement with shareholders

Relations with shareholders

The Board remains committed to maintaining good relationships with both institutional and private shareholders. There is 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.

Presentations provided to institutional shareholders and analysts following the publication of the Group's financial results or in respect of a 'Capital Markets Day' meeting are made available on the Group's corporate website, www.williamhillplc.com, for a period following the meeting.

The Chairman is available to discuss strategy and governance issues with shareholders and Sir Roy Gardner, 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, CEO or Group Finance Director.

Meetings between the Chairman, CEO and/or the Group Finance Director and shareholders can be held on request to discuss governance and corporate responsibility issues generally.

Summary of meetings with shareholders during the year

The Group obtains feedback from its brokers, Citigroup and Barclays, on the views of institutional investors on a non-attributable basis and the CEO and/or Group Finance Director communicate the issues and concerns of major shareholders to the Board. As a matter of routine, the Board receives regular reports from its advisers 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 team. The Investor Relations team maintains a comprehensive programme of investor relations events and the Board is informed in advance of the key events within the programme. During 2014, a focus from an investor relations perspective was to further acquaint the media and investment community with James Henderson, following his appointment as the Company's CEO.

AGM

The Board regards the AGM as an important opportunity to communicate directly with all shareholders. At the AGM in 2014 the Chairman and the Chief Executive took the opportunity to summarise William Hill's performance and achievements in the prior year and to provide a business update.

Board members, including the chairmen of the Remuneration, Nomination, Audit and Risk Management, and Corporate Responsibility Committees, attended the 2014 AGM meeting and intend to attend the 2015 AGM to be available to answer questions. At the conclusion of the formal AGM, shareholders are provided with an opportunity to discuss business matters informally with the directors and this provides the directors with a further opportunity to understand and respond to the views of the shareholders.

In order that shareholders are aware of the other shareholders' voting intentions, the details of proxy votes for the AGM held in 2014 was made available at the general meeting and were published to the London Stock Exchange and made available on the Group's website following the meeting. Each of the resolutions at the AGM held in 2014 was passed with the requisite level of approval. The website also contains the Notice of General Meeting and explanatory notes. A separate resolution is proposed on each substantially separate issue. It is intended to continue with these practices for 2015 and for future shareholder meetings. It is planned to post the Notice of the 2015 AGM to shareholders with the 2014 Annual Report and Accounts at least 20 working days prior to the date of the meeting.

The Articles of Association of the Company require that any newly appointed director will be subject to election at the following AGM and also that directors will submit themselves for re-election at least once every three years. However, in accordance with the provisions of the Code, the Board has agreed that all directors should be subject to annual re-election by shareholders. Directors may be elected or re-elected by passing an ordinary resolution at a general meeting.

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 a yearly review that is documented. The Group Risk & Audit function maintains an assurance framework recording the key 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 June 2010, 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 to the Audit and Risk Management Committee which inform the 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;
- reports to the Audit and Risk Management Committee on the results of internal audit reviews and work undertaken by other departments; and
- management's controls self-assessment.

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 (both financial and non-financial). Forecast performance is revised during the year as necessary, taking into account performance for the year to date and expected performance going forward.

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 register is maintained and is regularly updated following detailed review by the Group Risk & Audit function and senior management during the year. The register is approved annually by the Audit and Risk Management Committee and the Board. The register 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 to senior management and management remain aware of the risks facing the business and operate in a risk aware manner. During 2014 a new appointment was made to the role of Director of Risk & Audit. Existing risk management processes have been maintained but the opportunity has been taken, following the appointment, to refresh the approach to risk management. Refreshing the formal risk management process will help to ensure it continues to mature and embed in the Group.

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 30 to 41.

Internal Audit

The Group Risk & Audit function 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, aim to ensure compliance with legal and regulatory requirements. It provides ongoing independent and objective assurance on risks and controls to the Board and senior management.

Risk & 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 reviewed and approved by the Audit and Risk Management Committee. A comprehensive annual plan is prepared, which is reviewed in greater detail on a quarter-by-quarter basis, which also allows for further refinement as necessary. The Director of Risk & Audit and the Head of Internal Audit report regularly to the Audit and Risk Management Committee on work undertaken, the results of audit reviews, the actions taken by management in response to audit reviews, the adequacy of the Internal Audit function's resources and on progress against the annual audit plan. 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. More details of the Group's going concern assumption can be found in the financial statements of this report on pages 95 to 140.

Remuneration

The Directors' Remuneration Report is set out on pages 64 to 82.

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

THE COMMITTEE OVERSEES THE EFFECTIVENESS OF THE GROUP'S FINANCIAL REPORTING, INTERNAL CONTROL AND RISK MANAGEMENT. IT ALSO OVERSEES THE RELATIONSHIP WITH THE EXTERNAL AUDITOR, AND IT MONITORS THE INTEGRITY OF THE GROUP'S FINANCIAL STATEMENTS AND THE EFFECTIVENESS OF THE RISK & AUDIT FUNCTION.

Membership and meetings

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 Lowden, Chairman	2011
Sir Roy Gardner	2014
Ashley Highfield	2009
Imelda Walsh	2011

The Company Secretary acts as secretary to the Committee. Other individuals attend at the request of the Committee Chairman and during the year the external auditors, Chairman, Chief Executive, Group Finance Director, Director of Group Legal Services, the Director of Risk & Audit, Head of Internal Audit, the Group Financial Controller and Group Chief Information Officer would usually attend all or some of the meetings to report to the Committee and provide clarification and explanations where appropriate. The Committee also meets with the external auditors without executive management present on a regular basis. The Committee met on six occasions during 2014 and details of attendance at Committee meetings are set out on page 56.

The Chairman of the Committee, David Lowden, has recent and relevant financial experience. He is a chartered accountant and has previously held senior financial positions within other international companies. Sir Roy Gardner, Ashley Highfield, and Imelda Walsh are all 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 52 and 53.

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.com or by request to the Company Secretary. The Committee's principal responsibilities are to:

- review and advise the Board on the Group's half year and annual financial statements and its accounting policies and monitor the integrity of the financial statements and announcements relating to financial performance;
- assist the Board as necessary in ensuring that the Company's Annual Report and Accounts is fair, balanced and understandable in accordance with applicable legislation and governance recommendations;
- 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, 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. The Committee is also responsible for overseeing the rotation or tender of external audit services in accordance with applicable legislation or good governance;
- 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 is in place and operated 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 2014

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 preliminary results announcement, Annual Report and Accounts and the half yearly results together with any related management letters, letters of representation and reports from the external auditors. Significant financial reporting issues and judgements were discussed and reviewed. There were no material changes to significant accounting policies during the year.

The UK Corporate Governance Code requires the Board to confirm that they consider the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee provided assistance to the Board in this regard by considering the robustness of the process by which the Annual Report and Accounts is prepared. In particular the Committee noted that:

- guidance is issued to the primary contributors in respect of the requirement for the Annual Report and Accounts to be fair, balanced and understandable;
- the content of the Annual Report is subject to rigorous review and checking by both the contributors and by certain senior management. In particular, senior management including the Group Finance Director, Company Secretary and Director of Investor Relations have reviewed the entire Annual Report and Accounts to ensure that it promotes consistency and balance between the narrative front half and accounts sections;

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

– the Annual Report and Accounts follows a clear and cohesive framework which facilitates the inclusion of key messages, market and segment reviews, performance, and principal risks to the business. Sufficient forward-looking information is also provided and a balance is sought between describing potential challenges and opportunities; and

– the Annual Report and Accounts is subject to final approval by the Board, following review and comments by both the Audit and Risk Management Committee and by the Board.

The Committee was satisfied with the actions taken in preparing the Annual Report and Accounts.

Internal control and risk management

The Committee reviewed the Group's internal control and risk management systems and received regular 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. In 2014, this included progress reports and presentations on business continuity planning, disaster recovery, anti-money laundering and information security. In 2014 the Committee also approved a revised fraud escalation policy, designed to ensure a more consistent process throughout the business to escalate and report incidences of fraud.

The Committee reviewed and approved the statements on internal controls on page 58. The Committee also reviewed developments in practice regarding internal control and risk management. In particular, during 2014 the Committee noted the revised 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued by the Financial Reporting Council in September 2014. The revised guidance replaced the previous Turnbull guidance and as it applies to accounting periods beginning on or after 1 October 2014, William Hill's 2015 Annual Report will be prepared in accordance with the new guidance.

External auditors

The Committee has responsibility for overseeing the relationship with the external auditors. In particular, during 2014 the Committee continued to review and monitor the external auditor's independence, objectivity and the effectiveness of the audit process. The Committee approved the external auditor's engagement letter, audit fee and the annual audit plan (including the planned levels of materiality). The external auditors regularly attended Committee meetings in 2014 and met at least once with the Committee without executive management.

The Chairman of the Committee has also met privately with the external auditors. Letters of representation were reviewed during the year, prior to signature by executive management.

The Committee monitors the ethical guidance regarding rotation of the external audit partner. Rob Matthews was William Hill's external audit partner and his five-year term expired in 2014, in accordance with the latest guidance. Following a series of interviews with the Committee Chairman and the Group Finance Director, a new audit partner, Paul Franek, was agreed by the Committee. Paul Franek took over as audit partner for the 2014 financial year, following completion of a comprehensive handover process to ensure a seamless transition.

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; procedures and policies for maintaining independence; and compliance with the ethical standards issued by the Auditing Practices Board. The Committee also assessed the effectiveness of the audit process. In addition, the external auditor's management letter was reviewed, as was management's response to issues raised.

The Committee regularly reviews 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 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 external auditors are excluded from performing any day-to-day accountancy work for the Group.

In accordance with the policy, during the year the Committee considered and approved any non-audit work to be undertaken by the external auditors involving fees in excess of £25,000. Where no Committee meeting was scheduled within an appropriate time frame, approval was 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. Audit and non-audit fees paid to the external auditor are set out in note 5 to the financial statements.

Deloitte has been the external auditor of the Group for more than 20 years and a tender in respect of the external audit has not been sought since William Hill was listed on the London Stock Exchange in 2002.

There are no contractual obligations restricting the Group's choice of external auditors. The Committee confirms that it is satisfied with the performance of the external auditors during the year and with the policies and procedures in place to maintain their objectivity and independence. The Committee recommended that Deloitte be reappointed at the forthcoming Annual General Meeting and the Board accepted and endorsed this recommendation.

The Committee has considered whether a formal tender process is required in respect of the external auditor. During 2014 there were a number of legislative developments, both within the UK and within the EU, regarding regulatory reform in respect of the provision of audit services by the external auditor. The Committee has monitored these developments closely, in particular regarding an Order issued by the Competition and Markets Authority and the timing as to when definitive legislation will be enacted within the UK of an EU Regulation regarding the statutory audit market. As William Hill was listed on the London Stock Exchange in 2002, the transitional provisions of the EU Regulation provide that William Hill must change its external auditor no later than June 2023. The Committee has considered the matter and in particular has considered the following points:

– Paul Franek (Deloitte) became the new external audit partner following on from Rob Matthews in 2014. In accordance with the current ethical guidance regarding rotation of audit partners, his five-year term will expire in 2019. The Committee has welcomed the new perspective in respect of the audit which followed with the introduction of Deloitte's new audit partner; and

- definitive legislation in the UK of the EU Regulation regarding the statutory audit market must be enacted by no later than June 2016. Currently the UK Government and the Financial Reporting Council are conducting consultation processes in respect of how some elements of the EU Regulation will operate within the UK. The consultations cover important matters such as the provision of non-audit services by the external auditors and the consultation processes have not yet been finalised.

The Committee has concluded that given the foregoing and in view of the changes within William Hill's business over the last few years, now would not be the right time to seek a tender in respect of the external auditor. The Committee further concluded that its current intention is to rotate the external auditor by no later than the expiry of the five-year term of the external audit partner (i.e., by 2019) and hence on that basis a competitive tendering process will commence prior to the expiry of the five-year term. The Committee will continue to monitor legislative developments as they are finalised and will review its conclusion and any other associated matter with regard to the external auditor again in due course.

Internal Audit

During the year the Committee approved the annual audit plan and it monitored progress against the plan. Audit reports were made available to the Committee members after each audit and the Committee monitored progress against actions identified in those reports and the external auditors' management letter. During the year (and in particular regarding the approval of the internal audit plan for the forthcoming year) the Committee enquired as to the adequacy of the resources of the Risk & Audit function.

The Risk & Audit function 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 Director of Risk & Audit and Head of Internal Audit is the responsibility of the Committee. The Director of Risk & Audit and Head of Internal Audit have direct access to the Board and Committee Chairman. During 2014 the Director of Risk & Audit and Head of Internal Audit continued to meet regularly with the Committee Chairman without executive management.

Disclosure of significant issues considered by the Committee

An important part of the Committee's responsibilities is to assess key issues in respect of the annual financial statements. This process is primarily focused on the key issues identified by management for consideration. However, each Committee member as a member of the Board receives regular updates on the performance of the business and in particular on material issues which may affect the finances of the business. This gives the Committee additional perspective to consider and to be familiar with the year's significant issues which need to be considered. In respect of the 2014 financial year, the Committee reviewed and discussed with management the key issues which had been identified, both at the half year stage and again in respect of the full financial year.

In addition, each year the external auditor prepares a comprehensive forward plan in respect of the audit of the annual financial statements. Towards the end of 2014, the Committee reviewed the plan and discussed it with Deloitte. The plan explained:

- the scope and approach of the audit, including consideration of materiality thresholds;
- any key areas of change in the focus of the audit; and
- areas of significant audit risk which would be subject to particular audit findings.

The Committee endorsed Deloitte's plan in respect of 2014.

The Committee pays particular attention to the matters which it considers may affect the integrity of the Group's financial statements, with a view to satisfying itself that each matter has been treated appropriately. The Committee found that there was a good level of alignment between the key areas identified by management and the areas highlighted for review by Deloitte. The Committee assessed each matter, which included reviews of:

- the accounting treatment and disclosures in respect of a decision to rebrand William Hill's Australian businesses;
- the carrying value of goodwill and intangibles across the Group. The Group regularly assesses whether the carrying value of goodwill and intangibles should be impaired as well as the suitability of useful economic lives;
- revenue recognition treatment and the valuation of ante post open bets. These are reviewed routinely;
- other potential and actual liabilities. Assumptions used in respect of the liability regarding the defined benefit pension scheme were also reviewed, as a matter of routine;
- items which had been categorised as exceptional items for 2014. It is normal policy each year to consider if any matters should be treated in the financial statements as exceptional;
- an annual assessment by the directors that it is appropriate to prepare the financial statements on a going concern basis; and
- the effectiveness of key controls within the business.

Further details in respect of accounting treatments and assumptions are provided as appropriate in the notes to the financial statements. The Committee considered management's treatment in respect of these areas and any related issues and also considered Deloitte's audit findings in relation to such matters. Following this, the Committee was satisfied that the judgements made by management were reasonable and that appropriate disclosures had been included in the accounts. The Committee also noted that Deloitte were prepared to issue an audit opinion, which appears on pages 86 to 89 of this Annual Report, in respect of the annual financial statements.

Other activities

Regular updates were provided to the Committee during 2014 on developments in financial reporting, risk management and legal and corporate governance matters. The Committee also reviewed and discussed the Audit Quality Review issued by the Financial Reporting Council in 2014 in respect of Deloitte in order to gain further insight on Deloitte's performance in general.

David Lowden
Chairman, Audit and Risk Management Committee

REPORT OF THE CORPORATE RESPONSIBILITY COMMITTEE

THE CORPORATE RESPONSIBILITY (CR) COMMITTEE SETS THE GROUP'S CR POLICIES, ENSURES THE BUSINESS OPERATES IN A SUSTAINABLE WAY AND ADVISES THE BOARD ON ENVIRONMENTAL, SOCIAL AND ETHICAL MATTERS.

Membership and meetings

The following is the current membership of the CR Committee together with the year in which membership commenced. James Henderson is the executive director responsible for CR.

Director	Year of appointment
Ashley Highfield, Chairman	2008
Gareth Davis	2010
Sir Roy Gardner	2014
Georgina Harvey	2011
James Henderson	2014
Imelda Walsh	2011

The Company Secretary acts as secretary to the Committee. The CR Committee meetings are regularly attended by relevant members of the executive committee and management team, so that informed presentations are made by individuals responsible for key areas such as human resources, health and safety, security and regulation. The Committee also receives a briefing, at least annually, from an external specialist consultant in respect of health and safety arrangements. The Committee met on three occasions during 2014 and details of attendance at Committee meetings is set out on page 56.

Role of the CR Committee

A full copy of the terms of reference for the Committee can be obtained via the website at www.williamhillplc.com or by request to the Company Secretary.

The Committee's principal responsibilities are to:

- review CR policies and practices for the Group and set new CR policies as appropriate;
- review CR performance across a range of performance metrics;
- ensure the business operates in a sustainable way;
- advise the Board on environmental, social and ethical matters;
- monitor CR risks as part of the Group's overall risk management framework; and
- review and approve the annual CR report within this document.

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

Main activities during 2014

CR remains an important matter for William Hill. Further details of key issues and progress on CR matters during 2014 are provided in a CR report on pages 30 to 41 of this Annual Report.

During the year the CR Committee reviewed a number of reports on CR-related matters, in particular on health and safety, charitable donations and related activity, and on interactions with regulatory authorities. CR performance and issues in relation to employees, community engagement and customers were reviewed regularly and are captured in a 'dashboard' which facilitates discussion and an assessment on potential trends and other changes. Following the introduction of new statutory environmental reporting obligations in 2013, the Committee also received updates on the approach to environmental performance during 2014.

Ashley Highfield
Chairman, Corporate Responsibility Committee

REPORT OF THE NOMINATION COMMITTEE

THE NOMINATION COMMITTEE HAS A CRITICAL ROLE IN ENSURING THERE IS AN EFFECTIVE PROCESS IN PLACE FOR FUTURE BOARD APPOINTMENTS AND SUCCESSION PLANNING. THE COMMITTEE ALSO ENSURES THAT THE BOARD OF WILLIAM HILL HAS THE RIGHT BLEND OF SKILLS, EXPERIENCE AND KNOWLEDGE IN ORDER TO MAXIMISE THE OPPORTUNITIES FOR THE SUCCESS OF THE COMPANY OVER THE LONGER TERM.

Membership and meetings

Set out below is the membership of the Nomination Committee together with the year in which membership commenced.

Director	Year of appointment
Gareth Davis, Chairman	2010
Sir Roy Gardner	2014
Georgina Harvey	2011
Ashley Highfield	2009
David Lowden	2011
Imelda Walsh	2011

The Company Secretary acts as secretary to the Committee. All members of the Committee are independent Non-executive Directors and the Committee is chaired by the Board Chairman. In order to ensure there are fully informed discussions, the CEO and/or the Group Human Resources Director are invited to attend the meeting as appropriate. The Committee met on seven occasions during 2014.

Role of the Nomination Committee

A full copy of the terms of reference for the Committee can be obtained via the website at www.williamhillplc.com or by request to the Company Secretary.

The Committee's principal responsibilities are to:

- make appointment recommendations to the Board for the appointment, re-appointment or replacement of directors;
- devise and consider succession planning arrangements for directors and, as appropriate, other senior executives; and
- regularly review the structure, skills, size, composition and balance of the Board and recommend any proposed changes.

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

Non-executive Directors are appointed for an initial three-year term, extendable by a further two additional three-year terms. The terms and conditions of appointment of non-executive and service contracts of executive directors are available to shareholders for inspection at the Company's registered office during normal business hours and at the AGM.

On joining the Board, Non-executive Directors receive a formal appointment letter, which identifies the time commitment expected of them. Once appointed, the new director undergoes a tailored induction and familiarisation programme implemented by the Company Secretary with input from the Chairman and CEO. Any potential director 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. Although there were changes in the outside commitments of some directors during 2014, none of these were material to the extent that it would impact on the time required to commit to the Company.

Main activities during 2014

During 2014, the Nomination Committee played an important part in ensuring that the leadership of the business remained well positioned for the future. As reported in the 2013 Annual Report, a process had commenced in 2013 to search for a successor to Ralph Topping, the former Chief Executive who retired in 2014. The Committee appointed The Zygos Partnership, an external consultancy firm, to conduct the search and they were responsible for finding suitable candidates from outside of William Hill. The Zygos Partnership has no other connection with the Company. In addition, an internal search process was managed by the Nomination Committee and ran in parallel with the external search.

Also during 2014, David Edmonds, a former Non-executive Director (and the former Senior Independent Director), completed his nine years of service and retired from the Board. The Zygos Partnership were once again appointed by the Committee to conduct the search.

The searches resulted in the Nomination Committee recommending to the Board the appointment of James Henderson and Sir Roy Gardner as CEO and as a Non-executive Director respectively. The Board reviewed and approved each of the Nomination Committee's recommendations.

During 2014, the Committee also:

- reviewed and proposed a recommendation to the Board that the terms of office for Georgina Harvey, Ashley Highfield, David Lowden and Imelda Walsh be extended for a further three years. The Board agreed with each recommendation and approved the extended terms of office;
- received a presentation from James Henderson as part of the final interview stages, ahead of a recommendation to appoint him as CEO;
- discussed the conclusions of a progress report issued by Lord Davies in respect of women on boards, noting that the Board's gender diversity composition was already in line with the recommendations of the report by Lord Davies (see below);
- considered and recommended to the Board that each director be proposed for re-appointment at the 2014 AGM; and
- reviewed and updated the Committee's terms of reference.

Board diversity

The Board supports diversity, recognising the benefits that diverse viewpoints can contribute in decision-making. It is the intention of the Board always to keep the benefits that derive from a diverse Board in mind when making appointments. Currently 25% of the Board is comprised of women. We do not believe that setting a quota is the most appropriate method for achieving a balanced Board and all our appointments are made on merit. We pursue diversity, including gender diversity, throughout the business and will continue to follow a policy of appointing talented people at every level to deliver high performance. We will ensure our development in this area is consistent with our own strategic objectives and is enhancing in terms of Board effectiveness.

Gareth Davis
Chairman, Nomination Committee

DIRECTORS' REMUNERATION REPORT

DEAR SHAREHOLDER,

I AM PLEASED TO PRESENT THE DIRECTORS' REMUNERATION REPORT (DRR) FOR THE FINANCIAL PERIOD WHICH ENDED ON 30 DECEMBER 2014.

ANNUAL STATEMENT

Background and business context

William Hill continues to be one of the world's leading gambling companies, providing betting and gaming services across multiple channels and countries. The Group again performed strongly in 2014 with net revenue[1] and operating profit[2] up 8% and 11% respectively on the prior year reflecting the continued development of our UK and international businesses and the benefit of a successful World Cup. Debt refinancing left the balance sheet stronger and debt levels fell through the period.

William Hill has also made good progress in the delivery of its key strategic goals. We have continued to grow our digital and mobile revenues and to diversify internationally, in line with the Board's strategy. We saw good gaming growth and all major sports betting channels saw wagering growth during the year.

Despite the challenges facing the high street and increased regulatory scrutiny, the performance of our Retail business in the UK was resilient, with strong cost control measures. Online maintained its market-leading position in the UK, with Italy and Spain also growing strongly. In the US, William Hill out-performed the market and in Australia there were a range of initiatives relating to the completion of the tomwaterhouse.com integration and subsequent actions around management structure and product development.

William Hill keeps abreast of regulatory developments affecting the industry, both in the UK and overseas. During 2014, the Group played a key leadership role in the promotion of responsible gambling through the launch of the ABB Code and the formation of an independent oversight body, the Senet Group.

While POCT, increased MGD and indirect taxes in certain EU states are expected to impact earnings progression in 2015 and 2016, we are confident that our approach to mitigating the tax impact over the longer term, our leading market positions and sustained investment in digital gaming and selected overseas markets will provide us with a solid platform for future growth. We have a very successful and highly regarded management team. The Remuneration Committee (the Committee) believes that setting incentive target ranges which recognise the substantial challenges facing William Hill, but also provide the potential of significant reward for industry leading performance, strikes the right balance.

2014 remuneration

During 2014, after an extensive and thorough review of internal and external applicants, we were delighted to promote James Henderson to be our new Chief Executive Officer (CEO). Having been with William Hill for 30 years, James's breadth of knowledge spans the whole Group and his established relationships both with the management team and within the wider industry will ensure that the momentum the Group has achieved under the leadership of Ralph Topping will be sustained.

In line with good practice, details of James's remuneration were announced at the same time as is his appointment as CEO. James's salary is 15% lower than his predecessor's, and the rest of his remuneration package was set in line with our shareholder-approved policy. The CEO's salary will next be reviewed at the beginning of 2016.

The Company was required to give Ralph Topping 12 months' notice, which started on 3 July 2014. He ceased to be a director on 31 July 2014 and will remain an employee until July 2015. Ralph was treated as a good leaver, reflecting his 44 years' distinguished service with the Company. His outstanding Performance Share Plan (PSP) awards will be pro-rated for service and will vest subject to performance, while his deferred shares under the Executive Bonus Matching Scheme (EBMS) will be released over their normal cycle. Ralph's annual bonus for 2014 will be pro-rated to 31 July and paid in cash at the normal time. These arrangements are all in accordance with the approved remuneration policy and were fully disclosed at the time Ralph Topping's leaving was announced.

The Group's strong basic adjusted earnings per share (EPS) growth of 33.5% and total shareholder return (TSR) of 99.6% over the last three years have resulted in vesting just below the maximum performance level for both elements of the 2012 PSP at 95.3%. The Remuneration Committee considers that this payout is representative of performance over the period.

For 2013, no annual bonus was paid because the Group did not achieve the stretching financial targets set by the Committee. Reflecting our strong results for 2014, our primary annual bonus measure based on pre-exceptional profit before interest and tax exceeded the target set by the Committee, resulting in 104.1% of target being achieved. This is slightly below maximum performance.

[1] Net revenue is a term equivalent to the Revenue defined by the statutory accounts on page 95.
[2] Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, and the amortisation of specific identified intangible assets recognised on acquisitions.

However, before confirming this result, the Committee also considered whether this reflected both the underlying and future prospects of the Group. As highlighted in the section on Business Context, the Group continues to perform strongly in all areas. The Committee therefore concluded that the award under the financial measure, which represents 75% of the bonus, was appropriate.

The remaining 25% relates to an assessment of individual performance. Specific details on the Committee's assessment are provided on page 77 but in summary the Committee agreed that during 2014 James Henderson and Neil Cooper had both achieved the majority of their individual objectives. Therefore these directors will receive final bonus awards of 148% (relating to James Henderson's time as a PLC Director) and 132% of salary respectively. Ralph Topping will receive a final bonus award of 150% of salary (and this is based on his service as Chief Executive up to 31 July 2014 and is inclusive of his individual performance element.

Application of policy for 2015

A year ago, the Committee spent significant time considering and developing remuneration proposals. We were therefore delighted with a 97.7% vote in favour of our binding remuneration policy at the May 2014 AGM. We were similarly pleased to receive 99.3% shareholder support for the 2013 Annual Report on Remuneration. The changes we made have provided us with a more effective remuneration policy which contains clear limits and safeguards and one which is more aligned to our natural trading cycle and strategic priorities.

We will not be seeking re-approval of the policy this year and are not required to submit a new policy until the 2017 AGM. We will therefore operate in accordance with our existing remuneration policy in 2015. We highlight below, however, some remuneration changes we are proposing for 2015 which will operate within the confines of our current approved policy:

- The Group Finance Director's salary will increase from £380,000 to £400,000 with effect from 1 January 2015 and to £415,000 from 1 January 2016, subject to continued strong individual and Company performance. While the Committee is very conscious of the relationship to workforce pay, we believe the proposed increases, which are the first since April 2011, reflect Neil Cooper's performance and experience in the role, are essential for business continuity with a newly appointed CEO and are in the best interests of the business and shareholders. Further information about this is set out on page 73. At the same time, the share ownership guideline for the Group Finance Director is being strengthened from 100% to 150% of salary.
- The annual bonus plan will operate on a similar basis to 2014, other than the 2015 targets will be based on operating profit[2] rather than PBIT. Operating profit[2] is a strategic measure reported in the annual and half-year reports as a key headline financial figure, is the measure of profitability most used internally, and is more closely aligned to management performance.
- The PSP performance measures for 2015, (which will continue to be measured over a four-year period), will remain the same as in 2014: relative TSR (50%), basic adjusted EPS (25%) and Business Performance Measures (BPMs) (25%). This year, the Committee again considered the target EPS range carefully and believes that a growth range of 2% to 6% p.a. is very challenging in light of the Group's earnings prospects over the next four years, given the impact of POCT which applied from December 2014 and increased MGD from March 2015. Assuming that these taxes had applied for the whole of 2014 (and excluding mitigation for this purpose only), the 2% to 6% p.a. range would be equivalent to around 10% to 15% p.a.
- An additional holding period of one year will apply to PSP awards made to executive directors from 2015, meaning that PSP shares which vest must be retained until the fifth anniversary of grant (except for sales of shares needed to pay tax and national insurance on exercise). As mentioned above, the share ownership policy guideline for the Group Finance Director is also increased from 100% to 150% of salary. The Committee considers that these two changes will further align the interests of executive directors and shareholders. The four-year performance period and the new additional one-year holding period demonstrate that the Committee recognises the importance of the early adoption of good practice.
- Last year we included recovery and withholding provisions in our policy and these will apply to the 2014 annual bonus, EBMS and PSP awards to be granted in 2015 (in addition to the PSP awards made last year).

In line with the Committee's commitment to explain the rationale and context for remuneration decisions, we discussed the 2015 application of policy with our major shareholders, the Investment Association and ISS in early 2015. We were pleased with the responses we received and the further opportunity provided to explain our thinking, particularly in relation to the proposed salary increase for the Group Finance Director.

The Committee is very conscious of the ongoing debate about levels of executive pay versus other employees. In 2014, the Committee requested further information on pay and benefits for UK Retail employees. We will continue to monitor this in 2015. The Committee also noted that the 2014 pay increase of 2% for Retail was ahead of inflation.

We are not seeking approval of our remuneration policy but the substantive provisions of policy endorsed by shareholders have been repeated in this year's DRR for ease of reference.

Finally, I would like to thank my colleagues on the Committee for their hard work during 2014 and the support we have received from the William Hill management team.

The activities of the Committee during the year are summarised on page 75.

This report has been prepared against the UK Corporate Governance Code published in 2012, which is applicable for the financial year ended 30 December 2014. During 2014, the Committee noted that the Financial Reporting Council issued a revised version of its Code. This has been reviewed by the Committee and our Annual Report on Remuneration for the 2015 financial year will be against the revised Code.

If you have any comments or questions on any element of the report, please e-mail me at iwalsh@williamhill.co.uk.

Imelda Walsh
Chair, Remuneration Committee

This DRR covers the remuneration of the executive and non-executive directors of William Hill PLC. In line with regulations governing the disclosure and approval of directors' remuneration, the report is split into three sections: an annual statement from the Chair of the Committee (pages 64 and 65), a Remuneration Policy Report (pages 66 to 73) and an Annual Report on Remuneration (pages 73 to 82).

This part of the DRR, the Remuneration Policy Report (Policy Report), sets out the remuneration policy for the Company and has been prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The policy has been developed taking into account the principles of the UK Corporate Governance Code 2012, the latest guidelines from The Investment Association, the National Association of Pension Funds, ISS and the views of our major shareholders.

The Policy Report was approved by shareholders at the Annual General Meeting on 8 May 2014. Although not required by the regulations, the substantive terms of the Policy Report are reproduced here for ease of reference. Any details, however, that were specific to 2014 or earlier years (including, for example, any disclosures relating to particular directors and the illustrative remuneration scenarios) have been updated, where applicable, to reflect the current position. For ease of reference, the policy table has also been updated to reflect two extra features referred to in the Chair's statement, namely a higher share ownership requirement for the Group Finance Director and the addition of a one-year holding period on vested PSP shares relating to awards made from 2015 onwards. There is no vote on the remuneration policy at the 2015 AGM.

REMUNERATION POLICY REPORT

The Policy Report sets out the approved remuneration policy for the Company.

How the Remuneration Committee operates to set the remuneration policy

The Committee is constituted in accordance with the recommendations of the UK Corporate Governance Code. The Committee is a committee of the Board, which determines the Group's policy on the remuneration of the executive directors, the Chairman and other relevant senior management. It works within defined terms of reference which are available upon request to the Company Secretary or from the Company's corporate website: www.williamhillplc.com.

The Committee's key objectives are to:

– set and agree with the Board a competitive and transparent remuneration framework which is aligned to the Group strategy and is in the interests of both the Company and its shareholders; and

– determine the specific remuneration packages for each of the executive directors and other senior managers. The remuneration package includes base salary, incentives, benefits and any compensation payments.

Remuneration policy

The remuneration policy for executive directors and senior management is designed to support the business needs of the Group, to ensure it has the ability to attract and retain senior leaders of a high calibre, and to align the long-term interests of executive directors and senior management with those of our shareholders.

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. There must be transparency and alignment to the delivery of strategic objectives at both a Group and an individual level. There must also be scope to reward for exceptional effort and achievement that delivers value both for the Group and the shareholders. Likewise, failure to achieve individually or at corporate level will not be rewarded.

The Committee is also mindful of ensuring that there is an appropriate balance between the level of risk and reward for the individual, the Company and for our shareholders. When setting the levels of short-term and long-term variable remuneration, the degree of stretch in performance conditions and the split between equity and cash within the package, consideration is given to obtaining the appropriate proportion of each so as not to encourage unnecessary risk-taking. As well as financial risk, the Committee also ensures that there is an appropriate focus on environment, safety and governance issues.

The remuneration package is reviewed periodically taking into account all elements of remuneration, i.e. not looking at any single element in isolation, to ensure it remains competitive. The Committee undertakes the determination of individual remuneration packages for executive directors and senior management annually. Whilst pay benchmarking provides context for setting pay levels, it is not considered in isolation.

The total remuneration package is structured so that a significant proportion is linked to performance conditions measured over both the short and longer term. It is also the Committee's policy to ensure that a high proportion of the potential remuneration package is paid in shares, which is designed to ensure that executives have a strong ongoing alignment with shareholders through the Company's share price performance.

The table below summarises each element of the remuneration policy for the executive directors, explaining how each element operates and how each part links to the corporate strategy.

Element of remuneration package:	Base salary
Purpose and link to strategy	– Provides a sound basis on which to recruit and retain key employees of appropriate calibre to deliver the strategic objectives of the Company. – Reflects the market value of the role and the post holder's experience, competency and performance within the Company.
Operation	– Paid monthly in cash via payroll. – Normally reviewed by the Committee annually and fixed for 12 months commencing 1 January. Any salary increase may be influenced by: – the commercial need to do so; – role, experience and performance; – average change in wider workforce pay; – Company profitability and prevailing market conditions; and – periodic benchmarking of similar roles at comparable companies, such as the FTSE 70-130.
Opportunity	– The general policy is to pay around mid-market levels with annual increases typically in line with the wider workforce. Increases beyond those granted to the workforce may be awarded in certain circumstances such as where there is a change in the individual's responsibility, or where the salary set at initial appointment was below the level expected once the individual gains further experience and a track record of performance in the role. An above-market positioning may be appropriate in exceptional circumstances to reflect the criticality of the role and the experience and performance of the individual. – Base salary levels for 2015 are: CEO – £550,000 Group Finance Director – £400,000
Performance metrics	– Executive directors participate in the Company's annual performance management process. Individual and Company performance are taken into account when determining appropriate salary increases.
Recovery or withholding	– No recovery or withholding applies.

Element of remuneration package:	Benefits
Purpose and link to strategy	– Operate competitive, cost-effective benefits to help recruit and retain executive directors and senior management. – As with employee benefits for the wider workforce, certain benefits (e.g. private medical insurance) are provided to minimise disruption (e.g. from illness) to the day-to-day operation of the business.
Operation	– Benefits include private medical insurance (covering the executive, spouse and dependent children), a fully expensed car or car allowance, subsidised travel card, permanent health insurance and life assurance benefits. – Cash alternatives may be provided for any or all of these benefits, depending on individual circumstances. – The CEO and the Group Finance Director participate in the Company's flexible benefits scheme. – Relocation and related benefits may be offered where a director is required to relocate. The benefit must be taken up within 12 months of appointment unless exceptional circumstances prevail.
Opportunity	– The aim is to provide market competitive benefits and their value may vary from year to year depending on the cost to the Company from third-party providers.
Performance metrics	– No performance metrics apply.
Recovery or withholding	– Relocation and related benefits may be subject to clawback either in full or part if an executive resigns within two years of joining.

Element of remuneration package:	Pension
Purpose and link to strategy	– Market competitive, cost-effective retirement benefits are provided to act as a retention mechanism and to recognise long service.
Operation	– Company Pension Savings Plan (a defined contribution plan) or cash allowance in lieu of Company pension contributions once statutory limits (Lifetime and Annual Allowance) are reached, or a combination of both.
Opportunity	– The CEO receives a company contribution of 20% of salary paid into the Company's Pension Savings Plan. Any amount above the Annual Allowance (being £40,000 for the tax year 2015/16) is paid as a cash allowance. The Group Finance Director withdrew from the Pension Savings Plan in March 2014 and receives a cash allowance worth 20% of salary. – A company contribution of 20% of salary will apply to new executive directors going forward.
Performance metrics	– No performance metrics apply.
Recovery or withholding	– No recovery or withholding applies.

DIRECTORS' REMUNERATION REPORT

Element of remuneration package:	Annual Performance Bonus (cash and shares)
Purpose and link to strategy	– Incentivise executive directors and senior management to achieve specific, predetermined goals during a one-year period. – Rewards financial and individual performance linked to the Company's strategy. – Deferred proportion of bonus, awarded in shares, provides a retention element and additional alignment of interest with shareholders.
Operation	– Bonus payment is determined by the Committee after the year-end, based on performance against challenging targets set at the start of the year. – Half of the bonus is payable in cash with the remaining 50% deferred into shares for three years under the EBMS. – The deferred element may be subject to forfeiture in the event of the executive director's departure prior to vesting. – Since the PSP was introduced in 2010, no matching shares (to deferred bonus), under EBMS, are offered to the CEO or the Group Finance Director. – The value of dividend payments will accrue in shares (or cash, at the discretion of the Committee) on vested deferred bonus shares.
Opportunity	– The maximum bonus for the CEO is 175% of salary; target bonus is 85% of salary; and threshold bonus is 30% of salary. – The maximum bonus for the Group Finance Director is 150% of salary; target bonus is 70% of salary; and threshold bonus is 30% of salary.
Performance metrics	– The policy is for at least 75% of the bonus to be based on an appropriate mix of financial metrics, such as Company or business unit profits, and no more than 25% on individual objectives. The Committee is committed to ensuring that targets are demanding. – No bonus in respect of the individual objectives will be payable unless at least the threshold level of performance is achieved in respect of any profit-related metrics. – The Committee, in its discretion, acting fairly and reasonably, may alter the bonus outcome if it feels that the payout is inconsistent with the Group's overall performance taking account of any factors it considers relevant. The Committee will consult with leading investors before any exercise of its discretion to increase the bonus outcome.
Recovery or withholding	– In line with current best practice, bonus may be recovered (or deferred shares withheld) if within three years of the bonus payment there has been a material misstatement of results, a calculation error, misleading information or conduct justifying summary dismissal is discovered.

Element of remuneration package:	Long-term incentives: Performance Share Plan
Purpose and link to strategy	– To drive performance and retention and align interests of executive directors and shareholders through building a shareholding. – Incentivises participants to profitably grow the business and to achieve superior long-term shareholder returns in line with the Company's strategy. – Retains key executives over the performance period.
Operation	– Awards, normally in the form of nil-cost options, are granted annually with vesting dependent on the achievement of stretching performance conditions and the executive director's continued employment. – PSP awards have a four-year performance and vesting period. – The value of dividend payments will accrue in shares (or cash, at the discretion of the Committee) on vested PSP award shares. – A holding period applies for executive directors which requires PSP awards from 2015 to be retained for a further year from the date of vesting (except for the sale of shares needed to pay income tax and national insurance arising on exercise).
Opportunity	– The rules of the PSP state that PSP awards cannot normally exceed 225% of base salary. This limit may be increased to 300% of base salary in circumstances considered by the Committee to be exceptional. – Quantum is reviewed annually (subject to the above limits) taking into account overall remuneration, the performance of the Company and of the executive director being made the award. – The normal policy maximum is 200% of salary for the CEO and 175% of salary for the Group Finance Director.

Performance metrics	– The appropriateness of the performance conditions and the targets to be set are reviewed annually. – At least 50% of the award will be based on relative TSR with the remainder on EPS growth targets and BPMs. Each performance condition is measured independently. – The relative TSR performance condition measures the Company's TSR performance against a comparator group as constructed at the grant date and measured over the four-year performance period. For a ranking below median, none of this element of the award will vest. For a median ranking 25% of this element of the award will vest, rising on a straight-line basis to full vesting of this element for a ranking at or above upper quartile. The Committee has discretion regarding the treatment of delisted companies for the purposes of the TSR comparator group. – The EPS range will be based on basic adjusted EPS over the four-year performance period. 25% of the award will vest for a threshold level of performance and 100% will vest at the maximum level, with straight line vesting in between. – For the BPMs, a sliding scale of four-year targets will be set. None of the awards relating to these measures will vest if performance is below threshold, 25% will vest at threshold with full vesting for maximum performance. Maximum performance is set as significantly exceeding the Company's internal expectations. – The Committee has discretion to set different performance targets for future awards provided that the new targets are not materially less challenging, given the prevailing circumstances than those attached to previous awards. – The Committee also retains the flexibility to vary the mix of metrics for each year's award in light of the business priorities at the time. Nevertheless, relative TSR will always apply to at least 50% of any award, and BPM targets cannot exceed 25%. – The Committee, in its discretion, acting fairly and reasonably, may alter the PSP vesting outcome if it feels that the payout is inconsistent with the Group's overall performance taking account of any factors it considers relevant. The Committee will consult with leading investors before any exercise of its discretion to increase the PSP vesting outcome.
Recovery or withholding	– Withholding applies where there has been a material misstatement, a calculation error or misleading information. Recovery applies if within three years of vesting there has been any such event or if there has been conduct justifying summary dismissal during the performance period.
Element of remuneration package:	**All-employee share schemes**
Purpose and link to strategy	– All employees including executive directors are encouraged to become shareholders through the operation of the HMRC-approved Save-As-You-Earn (SAYE) plan (and/or such other HMRC-approved all-employee share plans as the Company may adopt in the future).
Operation	– The SAYE has standard terms under which all UK employees including executive directors, with at least three months' service, can participate.
Performance metrics	– No performance metrics apply.
Recovery or withholding	– No recovery or withholding applies.
Element of remuneration package:	**Share ownership policy**
Purpose and link to strategy	– To align interests of management and shareholders and promote a long-term approach to performance and risk management.
Operation	– The CEO is expected to hold William Hill shares to the value of a minimum of 200% of salary, and from 2015 the Group Finance Director a minimum of 150% of salary (100% in 2014). – Only shares owned outright by the executive director are included in the guideline, which is expected to be achieved within five years of appointment to the Board. – The Committee will review progress annually with an expectation that executive directors will make progress towards the achievement of the shareholding policy guideline each year. – Half of vested PSP awards (after sale of shares to cover associated personal tax liabilities) must be retained until the guideline is met.

Notes to the Policy Table – choice of performance measures:

The performance measures that are used for annual bonus and PSP are a subset of the Company's key performance indicators.

Annual bonus – The main emphasis is on financial metrics, for example operating profit (defined as pre-exceptional profit before interest and tax, and the amortisation of specific identified intangible assets recognised on acquisitions). Operating profit measures the underlying profits generated by the business and whether management is converting growth into profits effectively. It is also reported in the Annual Report and used internally by William Hill to measure performance. Individual objectives measure whether management is delivering against stated key business and personal targets which are linked to the corporate strategy.

PSP – Relative TSR provides a measure of the long-term success of the Company relative to appropriate peer comparators. EPS growth is a measure of the overall profitability of the business for investors over the long-term and therefore helps align the interests of management with shareholders. BPMs provide a more rounded assessment of long-term performance and focus executive reward more directly on some of the key drivers of future business growth.

The TSR comparator group and the EPS targets will be disclosed for each award in the policy for the current year in the Annual Report on Remuneration. Targets for the BPMs are likely to be too sensitive to disclose in advance for commercial reasons. The Company will, however, fully disclose the original targets and the extent to which they have been achieved on a retrospective basis at the end of the performance period. The Annual Report on Remuneration will also provide a broad update on progress after each year of the performance period.

Incentive plan discretions

The Committee will operate the annual bonus plan, EBMS and PSP (existing and 2014 plans) according to their respective rules, the policy set out above and in accordance with the Listing Rules and HMRC rules where relevant. Copies of the PSP and EBMS rules are available on request from the Company Secretary. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these plans. These include (but are not limited to) the following:

– who participates in the plans;

– the timing of grant of award and/or payment;

– the size of an award and/or a payment;

– the choice of (and adjustment of) performance measures and targets for each incentive plan in accordance with the policy set out above and the rules of each plan (including the treatment of delisted companies for the purpose of the TSR Comparator Group);

– discretion relating to the measurement of performance in the event of a change of control or reconstruction;

– determination of a good leaver (in addition to any specified categories) for incentive plan purposes based on the rules of each plan and the appropriate treatment under the plan rules; and

– adjustments required in certain circumstances (e.g. rights issues, corporate restructuring, on a change of control and special dividends).

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

Legacy arrangements

For the avoidance of doubt, in approving the Policy Report, authority is given to the Company to honour any commitments entered into with current or former directors that have been disclosed previously to shareholders, including awards made under the EBMS and PSP.

Remuneration scenarios for executive directors

The Company's remuneration policy results in a significant proportion of the remuneration received by executive directors being dependent on Company performance. The chart below shows how total pay for the executive directors varies under three different performance scenarios: Minimum, Target and Maximum.

Minimum

Comprised of the fixed elements of pay being base salary, benefits and pension. Base salary and pension is effective as at 1 January 2015 and the benefits value is the actual value for 2014.

Target

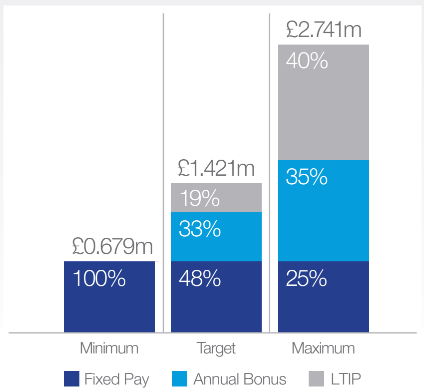
Comprised of fixed pay and the target value of bonus (CEO 85% of salary, Group Finance Director 70% of salary) and normal policy[1] PSP awards at threshold vesting (CEO 50% of salary, Group Finance Director 43.75% of salary).

Maximum

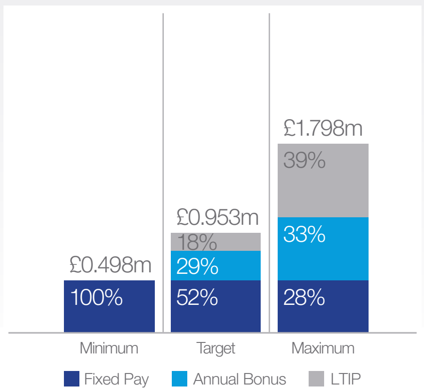
Comprised of fixed pay and the maximum value of bonus (CEO 175% of salary, Group Finance Director 150% of salary) and normal policy[1] PSP awards (CEO 200% of salary, Group Finance Director 175% of salary).

Remuneration scenarios for executive directors

Chief Executive Officer



Group Finance Director



[1] For PSP awards the chart assumes the normal policy maximum of 200% of base salary for the CEO and 175% of base salary for the Group Finance Director. The rules of the PSP state however that PSP awards cannot normally exceed 225% of base salary and, in exceptional circumstances, 300% of base salary – see Policy Table above.

No account has been taken of share price growth, or of dividend shares awarded in respect of the deferred element of bonus and PSP awards over the deferral/performance periods.

A breakdown of the elements included in the remuneration scenario charts is shown in the table below.

	Fixed (£'000)				Annual Bonus (£'000)		PSP (£'000)	
	Base Salary	Benefits[1]	Pension	Total Fixed	Target	Maximum	Target	Maximum
CEO	550.0	18.5[2]	110.0	678.5	467.5	962.5	275.0	1,100.0
Group Finance Director	400.0	18.0	80.0	498.0	280.0	600.0	175.0	700.0

[1] These are the value of benefits for 2014 which exclude non-recurring items such as relocation expenses and expenses for attendance at certain sporting events.
[2] Annualised for 2014.

Executive directors' service contracts

It is the Company's policy that the period of notice for executive directors will not exceed 12 months and, accordingly, the employment contracts of the executive directors are terminable on 12 months' notice by either party.

In the event of an executive director's departure, the Company's policy on termination payments is as follows.

– The Company may pay base salary, employer pension contributions and the cost of benefits (or if the Company so decides an amount equal to 10% of base salary at the termination date) in lieu of notice either as a lump sum or in monthly instalments.

– The Company will seek to ensure that no more is paid than is warranted in each individual case and will seek to apply the principles of mitigation to any proposed payment, where it is appropriate to do so.

– For James Henderson and under new contracts, monthly payments are reduced in lieu of notice by 100% of one-twelfth of the base annual salary or fee that the executive director is entitled to receive from any alternative employment or consultancy arrangement, during the period compensation is paid.

– For Neil Cooper, monthly payments are reduced in lieu of notice by 80% of one-twelfth of the base annual salary or fee that the executive director is entitled to receive from any alternative employment or consultancy arrangement, during the period compensation is paid.

– There is no entitlement to cash bonus paid (or associated deferred shares) following notice of termination (by either the employee or Company) on cessation of employment, and 'bad leavers' will not receive any bonus in such circumstances. However, where the individual is considered a good leaver (in the event of death or termination of employment by reason of ill health, disability, injury, statutory redundancy, agreed retirement, sale of employing company or business out of the Group or at the discretion of the Committee), the Company's normal policy is that a performance-related bonus will be paid at the normal time and this will be time pro-rated based on the proportion of the bonus year for which the individual was employed. If at the time the individual is under notice or has left employment, all of the bonus will be payable in cash.

– In the event of an executive director's departure, any outstanding share awards will be treated in accordance with the relevant plan rules. The default treatment under the PSP and the EBMS is that any outstanding awards will lapse on cessation of employment.

– In certain prescribed good leaver circumstances such as death, injury, disability and in any other circumstances at the discretion of the Committee, unvested EBMS shares will normally fully vest on leaving and will be released to the participant within one month after the end of the retention period. In exceptional circumstances and at the discretion of the Committee, the leaving executive director may receive the deferred shares prior to the end of the retention period.

– Under the 2014 PSP, an individual who leaves by reason of death, injury, disability, ill-health, statutory redundancy, agreed retirement, sale of the employing company or business out of the Group and in any other circumstances at the discretion of the Committee will normally receive a pro-rated proportion of outstanding PSP awards which can be exercised up to six months (or such longer period as the Committee permits and up to 12 months in the case of death) after the performance period ends and subject to performance over that period. Exceptionally, the Committee may decide to release the PSP shares.

– Following cessation of employment subject to the Committee's assessment of performance, to be exercised in the six months after the leaving date (or such longer period as the Committee permits and up to 12 months in the case of death) and in exceptional circumstances the Committee may decide to allow a greater number of shares to vest than if the level of vesting was calculated on a pro-rata basis. The provisions governing the vesting of PSP awards under the previous PSP are broadly similar and these awards will vest on the terms set out in that plan.

The contracts of the executive directors do not provide for any enhanced payments in the event of a change of control of the Company or for liquidated damages.

Copies of the executive directors' service contract are available for inspection at the Company's registered office: Greenside House, 50 Station Road, Wood Green, London N22 7TP.

Remuneration policy across the Group

The remuneration policy for the executive directors and senior management is designed with regard to the policy for employees across the Group as a whole. The Committee is kept updated through the year on general employment conditions, basic salary increase budgets, the level of bonus pools and payouts, and participation in share plans. The Committee is therefore aware of how total remuneration at the executive director level compares to the total remuneration of the general population of employees. Common approaches to remuneration policy which apply across the Group include:

– a consistent approach to 'pay for performance' is applied throughout the Group, with annual bonus schemes being offered to all employees;

– offering pension, medical and life assurance benefits for the majority of employees;

– ensuring that salary increases for each category of employee are considered taking into account the overall rate of increase across the Group, as well as financial and individual performance; and

– encouraging broad-based share ownership through the use of all-employee share plans.

Recruitment policy

The Committee's overriding objective is to appoint executive directors with the necessary background, skills and experience to ensure the continuing success of the Company. We recognise that the increasing pace of change and technology development in our industry, as well as the international nature of the William Hill business, will mean that the right individuals may often be highly sought after.

The remuneration package for a new executive director will therefore be set in accordance with the Company's approved remuneration policy as set out on pages 66 to 73 of the DRR, subject to such modifications as are described below. The maximum level of variable remuneration (excluding any buyout arrangements) that may be offered on an annual basis to a new executive director will be in accordance with the individual plan limits, being 175% of salary in the annual bonus plan and 225% of salary (or 300% of salary in exceptional circumstances) in the PSP.

In the majority of cases, where an external appointment is made, the individual, on resignation, will forfeit incentive awards connected with their previous employment. The Committee may therefore decide to offer further cash or share-based payments to 'buy out' these existing entitlements by making awards of a broadly equivalent value, in the Committee's view, under either the Company's existing incentive plans or under other arrangements. In determining the appropriate form and amount of any such award, the Committee will consider various factors, including the type and quantum of award, the length of the performance period and the performance and vesting conditions attached to each forfeited incentive award.

Where an individual is appointed to the Board, different performance measures may be set for the year of joining the Board for the annual bonus, taking into account the individual's role and responsibilities and the point in the year the executive director joined.

For an internal appointment, any variable pay element granted in respect of the prior role may be allowed to pay out according to its terms, adjusted as appropriate to take into account the terms of the executive director appointment. The salary level for a new executive director will be determined with care by the Committee, taking into account the individual's background, skills, experience, the business criticality and nature of the role being offered, the Company's circumstances, and taking into account relevant external and internal benchmarks. Above all, the Committee must exercise its own judgement in determining the most appropriate salary for the new appointment.

In certain circumstances, the Committee will have set a starting salary which is positioned below the relevant market rate and may therefore wish to adjust the executive director's salary, at a level above the average increase in the Company, as the individual gains experience and establishes a strong performance track record in the role. Conversely the salary may need to be positioned above the relevant market rate in order to attract the most appropriate candidate for the role.

Benefits will be provided in accordance with the approved policy. Relocation expenses or allowances, legal fees and other costs relating to the recruitment may be paid as appropriate.

The Committee recognises that our shareholders need to fully understand the remuneration package for a new executive director, and is committed to communicating full details and our reasons for agreeing the remuneration at the time of appointment. We will clearly identify any remuneration elements, which are specific to the initial appointment.

Fees for a new Non-executive Director or Chair will be set in accordance with the approved policy.

Chairman and Non-executive Directors

The table below summarises each element of the remuneration policy applicable to the non-executive directors.

Purpose and link to strategy	To attract and retain non-executive directors of appropriate calibre and experience.
Operation	The Chairman's fee is reviewed annually by the Committee (without the Chairman present).
	The remuneration policy for the non-executive directors, other than the Chairman, is determined by a sub-committee of the Board comprising the Chairman and the executive directors, within the limits set by the Articles of Association. Based on independent surveys of fees paid to non-executive directors of similarly sized companies to William Hill, remuneration is set taking account of the commitment and responsibilities of the relevant role.
Opportunity	The Chair receives a single fee to cover all his Board duties.
	Non-executive directors receive a fee for carrying out their duties, together with additional fees for those non-executive directors who chair the primary Board committees and the Senior Independent Director.
	Details of current fee levels are set out in the Annual Report on Remuneration.
Performance metrics	No performance metrics apply.
Recovery or withholding	No recovery or withholding applies.

Non-executive Directors do not have service contracts. They are engaged by letters of appointment, which are terminable by either party with no notice period and no compensation in the event of such termination. Non-executive Directors cannot participate in any of the Company's incentive schemes and are not eligible to join the Company's pension and benefits schemes.

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

Consideration of shareholder views

The Committee engages proactively with the Company's major shareholders. For example, when any material changes are made to the remuneration policy, the Committee Chair will inform major shareholders of these in advance and will offer a meeting to discuss details as required.

Consideration of employment conditions elsewhere in the Group

In setting the remuneration of the executive directors, the Committee takes into account the overall approach to reward for employees in the Group. William Hill operates in a number of different environments and has many employees who carry out diverse roles across a number of countries. All employees, including directors, are paid by reference to the market rate and base salary levels are reviewed regularly. When considering salary increases for executive directors, the Company pays close attention to pay and employment conditions across the wider workforce.

During 2014, the Committee considered UK retail pay and conditions specifically and requested additional information on pay, levels of retention across the UK and the importance of employee benefits in valuing the overall reward package available to Retail colleagues.

The Committee does not formally consult with employees on the executive remuneration policy. The Group holds regular forums with employee groups and conducts an annual employee engagement survey. The Group HR Director regularly updates the Committee on pay and conditions applying to employees across the Group.

ANNUAL REPORT ON REMUNERATION

Implementation of Remuneration Policy in 2015

Base salaries

Base salaries for executive directors are reviewed annually by the Committee. James Henderson was appointed as an executive director on 4 July and then CEO on 1 August 2014. Upon his appointment, his salary was set at £550,000, around 15% less than his predecessor, and the Committee agreed that his next salary review will take place at the beginning of 2016. Following a consultation with major shareholders and leading institutional bodies, the Group Finance Director's base salary will be increased to £400,000 with effect from 1 January 2015 and to £415,000 from 1 January 2016. The 2015 increase for the Group Finance Director reflects his strong individual performance, and will be his first salary increase since 1 April 2011. In making its decision, the Committee took into account the following factors.

- While the Committee is very conscious of the relationship between directors' and workforce pay, it felt that the Group Finance Director role has taken on increased importance, particularly following the transition to a new CEO and the need for continuity against the backdrop of regulatory and senior personnel change in the sector. The Company believes that the Group Finance Director is a critical part of the transition particularly given his extensive City experience.
- Since Neil Cooper's appointment in 2010, the international breadth and complexity of the role has significantly increased, and the Group Finance Director's responsibilities now include risk and audit.
- A two-stage approach towards a more appropriate rate is sensible and the second increase will only be applied if the Committee is satisfied that there has continued to be strong Company and individual performance.
- At the same time, the shareholding guideline for the Group Finance Director will be increased from 100% to 150% of base salary.

While the Committee is wary of an over-reliance on benchmark data, in considering the level of salary increase to award, it looked at remuneration in UK-listed companies of a broadly similar size to William Hill (the FTSE 70 -130). The Group Finance Director's salary (after the second increase in 2016) will be broadly in line with mid-market levels. The combination of a base salary of £415,000, target annual bonus and long-term incentive award will give a total target remuneration package of around 15% below the median.

In view of the above, the Committee believes that the base salary arrangements of the executive directors are fair, not excessive and will help to promote the long-term success of the Company.

The current base salaries as at 1 January 2015 are:

	2015	2014	Increase
James Henderson	**£550,000**	£550,000	0%
Neil Cooper	**£400,000**	£380,000	5.3%

Only base salary is pensionable.

Chairman and non-executive directors' fees

The Chairman's fee was last reviewed by the Committee in September 2013, and, as set out in last year's report, it was decided to implement the increase in two phases. The current £280,000 fee which has applied since September 2013 will increase to £300,000 from 1 September 2015.

The Non-executive Directors' fees were last increased in March 2008. A review of fees was therefore carried out by a sub-committee of the Board comprising the Chairman and the executive directors during 2014, to ensure the fees were appropriate and competitive in relation to the responsibilities and level of time commitment. The sub-committee agreed new fees, effective from 1 October 2014:

- Base fee of £55,000 (from £50,000)

Supplementary fees:

- Senior Independent Director – £15,000 (from £5,000)
- Audit Committee Chair – £18,000 (unchanged)
- Remuneration Committee Chair – £18,000 (from £13,000)
- Corporate Responsibility Committee Chair – £18,000 (from £13,000)

Benefits and pension

Benefits and pension will be provided in line with the information set out in the Policy Table on page 67. The new CEO's pension contribution of 20% of salary is lower than his predecessor's (25% of salary).

Following a review by HMRC, certain expenses relating to the performance of a director's duties in carrying out business-related activities such as travel to and from company meetings, related accommodation, attendance at company award ceremonies and attendance at sporting events have been classified as taxable benefits in 2014. In such cases, the Company will ensure that the director is not out of pocket by settling the related tax via its annual PAYE settlement agreement (PSA). In line with current regulations, these business-related taxable benefits have been disclosed and are shown in the benefits arising from performance of duties column. The figures shown include the cost of the taxable benefit plus the related tax charge. The Company is currently reviewing its policy of paying tax for directors who are attending sporting events as, in many cases, the attendance is business-related and is therefore not classified as a benefit-in-kind.

CEO's relocation package

When the Company announced the appointment of James Henderson as CEO, it was reported that a relocation package would be agreed and that details would be provided in the 2014 Annual Report on Remuneration. Given the requirement for James Henderson to move from his home in Yorkshire to a suitable location within reasonable distance of the north London Head Office in Wood Green, the Committee agreed the following relocation package:

– A maximum net amount of £50,000 (£90,909 gross) to be paid as pre-relocation expenses (for accommodation in London and travel between Yorkshire and Wood Green) for a maximum of six months pending James Henderson and his family's permanent relocation. The full amount has been claimed during 2014; and

– A maximum net amount of £155,000 (£275,273 gross) to be paid for the relocation itself. This will cover stamp duty (partial), estate agent and legal fees, removals, connection / disconnection fees and other relocation expenses. During 2014, the CEO claimed £38,804 (£64,008 gross), with up to £116,196 (net) to be paid in 2015.

For both the pre-relocation and relocation expenses detailed above, the relevant grossed-up tax charge is to be paid for by the Company.

In line with the approved policy, the relocation benefits must be taken up within 12 months of appointment unless exceptional circumstances prevail. Relocation and related benefits may be subject to clawback either in full or part if the CEO resigns within two years of appointment.

Annual bonus

The annual bonus maximum, target and threshold levels of bonus for 2015 as a percentage of base salary are as follows:

Executive director	Maximum	Target	Threshold
James Henderson	175%	85%	30%
Neil Cooper	150%	70%	30%

Consistent with prior years, 75% of the 2015 bonus will be payable for achieving Company profit targets and 25% will be individual targets. For 2015, the financial target will be based on operating profit[1]. For 2014, the profit measure was EBIT (also described as PBIT) and targets were set on a pre-cash bonus basis. Operating profit[1] is felt to be more appropriate for 2015 because it is a strategic measure and referred to in this and previous Annual Reports as the Company's key headline figure of profit, it is used internally and, therefore, is more closely aligned to the management of performance. In addition the change to setting targets on a net of bonus basis will better align the quantum of the bonus to the changes in the reported results. These two changes will also improve both the communication and tracking of annual performance.

The operating profit targets and individual objectives themselves are deemed to be commercially sensitive and will not be disclosed prospectively. However, retrospective disclosure of the targets and performance against them will be provided in next year's report.

Deferral of bonus into shares will apply in accordance with the policy.

Long-term incentives

The maximum normal annual award limit under the current PSP is 225% of salary and PSP awards with a face value of 200% and 175% of salary will be granted to the CEO and Group Finance Director respectively in 2015.

The Committee again reviewed the measures determining long-term performance in light of the Company's strategic outlook and additional commercial challenges (including the introduction of POCT and the forthcoming increase in MGD).

– TSR and EPS continue to be relevant measures of performance, and it remains appropriate to continue with the additional revenue-related BPMs introduced last year. The Committee believes that this combination of measures will focus executives on the key drivers of future growth, and to reinforce alignment to shareholder interests.

The key design features of the PSP are as follows:

– A four-year performance period will continue to apply to each performance measure.

– TSR will apply for 50% of the award to be made in 2015. The TSR comparator group will comprise 888, Betfair, Betsson, Bwin, Enterprise Inns, Greene King, JD Wetherspoon, Ladbrokes, Lottomattica, Marston's, Mitchells & Butlers, OPAP, Paddy Power, Playtech, Rank, The Restaurant Group and Unibet (no changes from the 2014 TSR comparator group).

– EPS will apply for 25% of the award. Vesting will be based on achievement of a four-year growth target by comparing the EPS outturn in 2018 with 2014. None of this part of the award will vest if compound annual growth in EPS is less than 2% p.a., 25% will vest for 2% growth and 100% will vest for 6% p.a. growth or better. Vesting is on a straight-line basis for performance in between these points. The Committee believes the above range is very challenging in light of internal and external forecasts, which take into account the introduction of POCT and the forthcoming increase in MGD and other EU indirect taxes. To illustrate the degree of stretch required, if the impact of POCT and MGD increase (assuming for this purpose only that there is no mitigation) was applied to the 2014 EPS of 29.9p, the 2% to 6% p.a. growth range would be equivalent to around 10% to 15% p.a.

– The BPMs will continue to apply for 25% of the award to be made in 2015. Three measures continue to be used – mobile Sportsbook net revenue growth, mobile gaming net revenue growth and Australia digital net revenue growth – and each will have an equal weighting. These measures reflect the Company's focus on capitalising on the structural shift to mobile gaming and on international expansion by exploiting its core capabilities.

[1] Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, and the amortisation of specific identified intangible assets recognised on acquisitions.

– For each measure, a sliding scale of four-year growth targets will be set using the 2014 actual result as the base figure.

Net revenues	BPMs Mobile Sportsbook	Mobile Gaming	Australia Digital
2014	£141.9m	£86.8m	A$169.1m

None of the award relating to each measure will vest if performance is below threshold, 25% will vest at threshold with full vesting for maximum performance or better. Awards will vest on a straight line basis for performance between threshold and maximum. Maximum performance will be set so as to significantly exceed the Company's internal expectations.

– The Committee considers that the targets applying to each BPM are demanding but too sensitive to disclose in advance for commercial reasons. However, there will be full disclosure of the original targets set and the extent to which they have been achieved on a retrospective basis at the end of the performance period. The Committee will also provide a broad update on progress in these areas after each year of the four-year performance period – see page 80 of this report for an overview of progress to date against these three BPMs for up to 25% of the 2014 PSP award.

– For the first time, PSP awards made in 2015 will need to be retained for a further year from the date of exercise, except for the sale of shares needed to pay income tax and national insurance arising on vesting. A holding period provides further alignment between executives and shareholders and is ahead of current market practice in this area.

Remuneration in 2014

Membership of the Remuneration Committee

The members of the Committee during 2014 are listed in the table below. All members of the Committee are independent non-executive directors. No director plays a part in any discussion directly relating to their own remuneration.

Name	Year of appointment
Imelda Walsh (Chair)	2011
Gareth Davis	2010
David Lowden	2011
Georgina Harvey	2011
Sir Roy Gardner[1]	2014
David Edmonds[2]	2005

1 Sir Roy Gardner joined as a Non-executive Director and as a member of the Committee on 3 March 2014.
2 David Edmonds retired from the Committee and as a Non-executive Director on 8 May 2014.

The Head of Reward & Engagement, John Machin, acts as Secretary to the Committee.

Committee activity during the year

The following table sets out the major issues covered by the Committee over the course of the year:

January 2014
– Update on investor consultations

February 2014
– Final incentive proposals for 2014
– Approve 2013 Directors' Remuneration Report
– Bonus payments in respect of 2013 performance
– Approval of the vesting of 2010 and 2011 PSP Awards
– Release of 2011 EBMS awards and approval of any matching shares
– Update on TSR performance for 2012 and 2013 PSPs
– Executive team salary increases
– 2014 annual bonus / EBMS arrangements
– Sharesave 2014

May 2014
– Australia management restructure
– 2014 PSP awards and performance targets

June 2014
– Chief Executive (Ralph Topping) retirement
– Remuneration package for proposed new CEO (James Henderson)

July 2014
– Australia remuneration
– Incentives update at half year
– Share ownership policy
– CEO relocation package

October 2014
– Employment conditions and earnings in UK Retail
– UK pay review
– Review of Remuneration Policy for 2015

December 2014
– Incentives update
– Further discussion on employment conditions and earnings in UK Retail
– Executive team remuneration

Advice to the Committee

During 2014, the Committee consulted Ralph Topping, the previous Chief Executive, James Henderson, CEO, Neil Cooper, Group Finance Director and David Russell, Group Director, Human Resources about remuneration items relating to individuals other than themselves. Luke Thomas, Company Secretary, also provided corporate governance guidance support to the Committee. Appropriate Group employees and external advisers may attend Committee Meetings at the invitation of the Chair.

External advisers

The Committee was advised during the year by New Bridge Street (NBS), a trading name of Aon Plc. NBS were appointed by the Company following a competitive tender in 2012. Aon Plc, NBS's parent company, is also the worldwide insurance broker for William Hill. Aon Plc are also currently working with the Group on the introduction of salary sacrifice into the Group's UK pension scheme.

NBS provided advice in respect of the remuneration review covering a wide range of issues. These included advice on remuneration for senior executives, the setting of incentive targets, executive pay benchmarking, advice on share ownership guidelines, termination of employment arrangements, DRR disclosure requirements, TSR performance monitoring updates and developments in market practice.

NBS fees incurred for 2014 were £94,720 (excluding VAT*). 2013 fees were £282,708*.

NBS is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct. The Committee monitors the relationship with external advisers on a regular basis and remains confident that NBS is independent and no conflicts of interest exist.

* VAT of 20% was paid on the adviser fees shown above which William Hill does not reclaim.

DIRECTORS' REMUNERATION REPORT

Statement of shareholder voting at 2014 AGM

At the 2014 AGM, a resolution was proposed for shareholders to approve the Directors' Remuneration Policy and to approve the 2013 Annual Report on Remuneration. The following votes were received:

	Directors' Remuneration Policy		2013 Annual Report of Directors' Remuneration	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	590,046,765	97.7%	592,159,592	99.3%
Against	13,749,825	2.3%	4,371,674	0.7%
Total	**603,796,590**	**100.0%**	**596,531,266**	**100.0%**
Withheld	417,595	–	7,682,090	–

A majority (over 50%) of the votes cast was required for each resolution to be passed and the Directors' Remuneration Policy and the 2013 Annual Report on Remuneration were duly approved by shareholders. The Committee considers that the level of support received at the 2014 AGM was significant, and as a result it was not necessary to provide additional disclosure on the reasons for those votes which were cast against. As mentioned previously in this report, the Committee will consult with its largest shareholders, as appropriate, on remuneration arrangements.

Audited information

Single total figure of remuneration for each director

Name of director	Year	Fees/basic salary £	Benefits in kind (BIK) £	BIK arising from performance of duties[1] £	Annual bonuses £	Pension £	PSP £	Other payments[2] £	Total £
Executive directors[3]									
James Henderson (from 4 July 2014)[4]	**2014**	**270,565**	**164,151[5]**	**–**	**400,550**	**66,017**	**467,383[11]**	**–**	**1,368,666**
	2013	–	–	–	–	–	–	–	–
Neil Cooper	**2014**	**380,000**	**18,001[6]**	**6,150**	**502,398**	**76,000**	**683,096[11]**	**13,077**	**1,678,722**
	2013	380,000	14,926	6,587	0	27,855	2,335,011	–	2,764,379
Non-executive Directors									
Gareth Davis	**2014**	**280,000**	**–**	**53,400[7]**	**–**	**–**	**–**	**–**	**333,400**
	2013	260,000	–	88,536	–	–	–	–	348,536
Roy Gardner (from 3 March 2014)	**2014**	**48,655**	**–**	**12,130[8]**	**–**	**–**	**–**	**–**	**60,785**
	2013	–	–		–	–	–	–	–
Ashley Highfield	**2014**	**65,500**	**–**	**2,808**	**–**	**–**	**–**	**–**	**68,308**
	2013	63,000	–		–	–	–	–	63,000
Georgina Harvey	**2014**	**51,250**	**–**	**925**	**–**	**–**	**–**	**–**	**52,175**
	2013	50,000	–	–	–	–	–	–	50,000
David Lowden	**2014**	**69,250**	**–**	**372**	**–**	**–**	**–**	**–**	**69,622**
	2013	68,000	–	–	–	–	–	–	68,000
Imelda Walsh	**2014**	**65,500**	**–**	**–**	**–**	**–**	**–**	**–**	**65,500**
	2013	63,000	–	–	–	–	–	–	63,000
Former Directors									
Ralph Topping (to 31 July 2014)[9]	**2014**	**379,167**	**20,412**	**46,702[10]**	**567,684**	**94,792**	**1,168,455[11]**	**–**	**2,277,212**
	2013	650,000	30,431	117,359	0	162,500	3,712,500	–	4,672,790
David Edmonds (to 8 May 2014)	**2014**	**19,599**	**–**	**17,937**	**–**	**–**	**–**	**–**	**37,536**
	2013	59,333	–	–	–	–	–	–	59,333

Notes:

1 Following a review by HMRC, certain expenses relating to the performance of a director's duties (not included in the Benefits in kind column above) in carrying out activities such as travel to and from company meetings, related accommodation, attendance at Company award ceremonies and attendance at sporting events have now been classified as taxable benefits. In such cases, the Company will ensure that the director is not out of pocket by settling the related tax via the PSA. In line with current regulations, these taxable benefits have been disclosed and are shown in the benefits arising from performance of duties column. The figures shown include the cost of the taxable benefit plus the related tax and National Insurance charge in 2014. The Company is currently reviewing its policy of paying tax for directors who are attending sporting events, as in many cases, the attendance is business-related and is therefore not classified as a benefit-in-kind.

2 Gain on 2011 SAYE share option calculated using the price of 343p per share on 1 August 2014 (the first day of vesting) against the exercise price of 140p per share. The SAYE option was subsequently exercised in December 2014.

3 Executive directors are required to obtain the Board's prior written consent to accept external appointments. James Henderson has no external appointments. Neil Cooper was appointed as Non-Executive Director for Pennon PLC on 1 September 2014. His annual fees for the role are £63,500. Pursuant to Company policy, executive directors who take up external appointments may retain the fees paid.

4 James Henderson was appointed to the Board as CEO Designate on 4 July 2014. He became CEO on 1 August 2014. His emoluments relate to the period he was on the Board other than the estimated value of his vested 2012 PSP which was granted before he became a Board director. His total remuneration for the full financial year including the period he was not a director was £1,743,712.

5 Contractual benefits for James Henderson included private healthcare, life assurance, income protection and company car (total P11d value of £9,234). £90,909 relates to temporary accommodation prior to re-locating and travel expenses as part of his move to London upon taking up the role of CEO, and £64,008 relates to relocation costs.

[6] Contractual benefits for Neil Cooper included private healthcare, life assurance, income protection, company car and subsidised travel card.

[7] Gareth Davis' 2014 taxable expenses included £14,065 related to travel to and from Company meetings, and £35,963 for necessary accommodation in relation to performing duties on behalf of William Hill. £3,372 related to attendance at sporting events.

[8] Sir Roy Gardner's 2014 taxable expenses include £9,104 for transitional secretarial and administrative assistance relating to his duties for the Company.

[9] Ralph Topping ceased to be a Director on 31 July 2014. His emoluments relate to the period as a Board director and include the estimated vested value of his 2012 PSP award. Contractual benefits for Ralph Topping included private healthcare, life assurance and company car.

[10] By agreement with the Company at the time of his appointment as Chief Executive on 21 February 2008, Ralph Topping did not relocate and in 2014 the Company incurred costs of £25,816, including tax, relating to his travel to and from London from his home in Scotland; £15,689 was for related accommodation in London. £5,197 related to attendance at sporting events.

[11] For the purposes of the single figure table, the values of the PSP awards vesting in 2015 are based on the average share price for the last quarter of 2014 (354p). The original PSP awards were adjusted for the 2013 rights issue by the theoretical ex-rights price adjustment factor and include the value of dividends that have accrued on vested share awards. An estimated value of the PSP awards vesting in 2014 was provided in last year's report based on the average share price for the last quarter of 2013. The figures have been updated to reflect the actual share price on the dates of vesting – 2011 PSP on 25 April 2014 (340p) and 2010 PSP on 2 June 2014 (358p).

2014 Annual Bonus

2014 was a record year for William Hill with an 11% increase in operating profit[1]. The Company will therefore pay £29.8m including National Insurance in annual bonus cash payments across the William Hill Group, which includes £7.7m including National Insurance in annual bonus to UK Retail employees.

The 2014 Annual Bonus Plan for the CEO, Group Finance Director and previous Chief Executive was primarily based upon the annual profit before interest and taxes and exceptional items (PBIT) performance of the Group measured against annual PBIT targets as approved by the Committee.

The 2014 Group PBIT performance targets were set, as they are annually, taking into account business expectations for the year and relevant external factors. The 2014 PBIT threshold and target were set at a level, which represented stretching performance. As shown in the table below, actual Group PBIT (pre-bonus spend) of £393.0m or 104.1% of target resulted in performance just below the maximum.

Performance	2014 Group PBIT Target (Pre-bonus spend)	2014 Group PBIT Actual (Pre-bonus spend)
Threshold	£358.5m	
Target	£377.4m	£393.0m
Maximum	£396.3m	

75% of the potential bonus award was based on the above Group financial measure. The remaining 25% of the potential bonus award was based on individual performance against key business objectives, which the Committee decided for 2014, would be subject to and capped to the extent the financial element of the bonus is payable.

For example, if the financial element falls short of its maximum award, the award under the individual performance award is reduced accordingly. Therefore, as the 2014 PBIT performance resulted in a payout of c91% of maximum for the financial element, the potential award payable for the individual performance element was reduced to c91% of the maximum opportunity.

James Henderson's individual objectives related to developing a leadership plan in his role as CEO. This included: the communication of William Hill's developing strategy around international diversification and growth; increasing co-ordination of content and customer management across the Retail and Online channels (Omni-channel) and reducing reliance on third-party technology suppliers; and finally, to ensure that William Hill remained at the forefront of creating a responsible gambling environment, an important objective was to help create and launch the Senet Group.

As the financial award was less than the maximum, the maximum payable for James Henderson's individual element was reduced from 31.25% to 28.3% of his pro-rated salary for the CEO Designate role and from 43.7% to 39.7% of his pro-rated salary for the period as CEO. The Committee agreed that James Henderson had met the majority of his individual objectives for the period as CEO Designate and his first five months as CEO and accordingly agreed a bonus of 90% against his individual objectives, resulting in a bonus for this element of 34.2% of salary.

Neil Cooper's individual objectives related to corporate finance planning and analysis and upgrading the financial accounting systems. He was also responsible for delivering a range of internal audit, tax and treasury projects. During 2014, the Group Finance Director role took on increased importance with Neil Cooper playing a key part in the induction of the new CEO and in helping to maintain business continuity and good investor relations against the backdrop of regulatory and senior personnel change in the sector.

As the financial award was less than the maximum, the maximum payable for Neil Cooper's individual element was reduced from 37.5% to 33.9% of salary. The CEO advised the Committee that the Group Finance Director had met the majority of his individual objectives for the year and the Committee agreed, based on the CEO's recommendation, an individual bonus of 90% against Neil Cooper's individual objectives resulting in a bonus for this element of 30.5% of salary.

Arrangements for Ralph Topping's annual bonus were summarised when the Company announced that he would be leaving the Board. In accordance with the rules of the bonus plan and in line with the Remuneration Policy, the Committee agreed to treat Mr Topping as a good leaver in recognition of his distinguished service with the Company. As such, Mr Topping participated in the bonus plan up to 31 July 2014 and all of his bonus will be paid in cash.

Mr Topping played an important role in the development of James Henderson as his successor and then in the handover to James as CEO, which were critical objectives for the Company. Mr Topping continued to have a leading role in the industry during 2014 through the promotion of responsible gambling and met the majority of his personal objectives in his seven months as Chief Executive. As the financial award was less than the maximum, the maximum payable for Mr Topping's individual element was reduced from 43.7% to 39.9% of salary. The Committee agreed an individual bonus of 75% against Mr Topping's individual objectives resulting in a bonus for this element of 29.9% of salary.

[1] Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, and the amortisation of specific identified intangible assets recognised on acquisitions.

DIRECTORS' REMUNERATION REPORT

The table below shows the calculation of the 2014 annual bonus for the CEO (pro-rata from 4 July 2014), Group Finance Director and previous Chief Executive (pro-rata to 31 July 2014):

(percentage of salary, where applicable)	Salary	Maximum bonus	Maximum financial	Actual financial[1]	Maximum individual (capped by financial payable)	Individual performance rating	Actual individual	Total payable
James Henderson			93.75%	85.0%	28.3%		25.5%	
CEO Designate (4 July 2014 - 31 July 2014)	£41,398	125%	£38,811	£35,178	£11,726	90%	£10,553	£45,731
James Henderson			131.25%	119.1%	39.7%		35.7%	
CEO (1 August 2014 - 31 December 2014)	£229,167	175%	£300,782	£272,938	£90,979	90%	£81,881	£354,819
							Total	**£400,550**
Neil Cooper			112.5%	101.7%	33.9%		30.5%	
Group Finance Director	£380,000	150%	£427,500	£386,460	£128,820	90%	£115,938	**£502,398**
Ralph Topping			131.25%	119.8%	39.9%		29.9%	
Chief Executive (to 31 July 2014)	£379,167	175%	£497,657	£454,147	£151,382	75%	£113,537	**£567,684**

[1] The amounts payable for the financial elements were 90.6%, 90.7%, 90.4% and 91.3% of maximum for the CEO Designate, new CEO, Group Finance Director and previous Chief Executive respectively. The different payouts reflect different levels of target bonuses relative to maximum – CEO Designate (Target 60% of salary; Maximum 125% of salary), new CEO (85%; 175%), Group FD (70%; 150%), and previous CEO (90%; 175%).

As noted above, James Henderson's annual bonus award has been pro-rated to reflect his respective time period as CEO Designate and as the CEO. Including the bonus paid in respect of his time as Group Director, Operations prior to joining the Board, his total bonus for the year was £596,987.

In accordance with the policy on annual bonuses, 50% of James Henderson's and Neil Cooper's bonuses will be paid in cash and the other 50% will be deferred in shares for three years under the EBMS. In line with the approved policy and as disclosed at the time of the announcement that Ralph Topping's was leaving the Group, his bonus will be paid in cash.

Long-term incentives vesting in relation to performance ending in 2014

In 2012, the Committee awarded James Henderson (i.e., prior to him joining the Board), Neil Cooper and Ralph Topping shares to the value of 100% of their respective salaries at the time off grant (2012 PSP awards). The vesting of one half of the 2012 PSP awards depended on the aggregate adjusted EPS (the EPS tranche) over the three year period: 2012 to 2014. The aggregate EPS range for 2012 to 2014 was 71.7p to 86.4p. These targets were adjusted for the 2013 rights issue by the theoretical ex-right price adjustment factor. No shares vest if aggregate EPS is below 71.7p; for aggregate EPS at the threshold of 71.7p, 25% of the EPS tranche vests; for aggregate EPS of 86.4p or above, the full EPS tranche vests; a sliding scale applies for performance between threshold and maximum.

The Group's aggregate EPS over the three year performance period was 85.9p which is between the threshold and maximum of the range – 97.4% of the EPS tranche will vest.

The vesting of the remaining half of the 2012 PSP awards (the TSR tranche) depended on the Company's relative TSR performance over the three year performance period 2012 to 2014 against a comparator group of 16 gambling and leisure companies. For a ranking below median, none of the TSR tranche vests; for a median ranking 25% of the TSR tranche vests, rising on a straight-line basis to full vesting for a ranking at or above upper quartile.

The Company's TSR performance ranking was 4.32 relative to the comparator group of 14 remaining live companies (after two companies delisted) over the three year performance period – 93.2% of the TSR tranche therefore vests.

Overall, 95.3% of the 2012 PSP awards will vest. James Henderson will receive 120,118 shares comprised of the original PSP award plus an additional 11,911 shares in lieu of dividends paid over the performance period. Neil Cooper will receive 175,556 shares comprised of the original PSP award plus an additional 17,409 shares in lieu of dividends paid over the performance period. Ralph Topping will receive 300,294 shares comprised of the original PSP award plus an additional 29,778 shares in lieu of dividends paid over the performance period.

PSP and EBMS awards granted in 2014

	Scheme	Basis of award granted	Shares awarded	Face value of award[1]	Maximum vesting	Percentage vesting for threshold performance	Vesting period
Ralph Topping[2]	PSP 2014	200% of salary	399,754	£1,300,000	100%	25%	Performance measured over the four financial years ending 26 December 2017. Awards will vest to participants in March 2018 subject to continued employment
James Henderson	PSP 2014	150% of salary	161,440	£525,000	100%	25%	
Neil Cooper	PSP 2014	175% of salary	204,490	£665,000	100%	25%	

1 Face value based on a share price of 325.2p being the share price on the date of grant, 19 May 2014.
2 Award will vest pro-rata to service to July 2015 (18 months out of 48) – 149,908 shares.

The PSP award was granted on 19 May 2014 in the form of nil cost options and is subject to three performance conditions, relative TSR, EPS growth and BPMs.

The relative TSR performance condition, which accounts for 50% of the overall award, measures the Company's TSR performance against the comparator group of 17 gaming and leisure companies, as constructed at the grant date and measured over a four-year performance period. For a ranking below median, none of this element of the award will vest. For a median ranking 25% of this element of the award will vest, rising on a straight-line basis to full vesting of this element for a ranking at or above upper quartile.

The EPS measure, which accounts for 25% of the award, is based on EPS compound annual growth as measured on a point-to-point basis by comparing the EPS for 2017 against 2013. Vesting will be based on achievement of a four-year growth target by comparing the EPS outturn in 2017 with 2013. None of this part of the award will vest if compound annual growth in EPS is less than 4% p.a., 25% will vest for 4% growth and 100% will vest for 8% p.a. growth or better.

The BPMs account for the remaining 25% of the award. Three measures were chosen – Mobile Sportsbook net revenue growth, Mobile Gaming net revenue growth and Australia Digital net revenue growth – each with an equivalent weighting. These measures reflect the Company's focus on capitalising on the structural shift to mobile gaming and on international expansion by exploiting its core capabilities in a second growth territory. For each measure, a sliding scale of four-year growth targets was set using the 2013 actual net revenues result as the base figure:

– Mobile Sportsbook £95.9m
– Mobile gaming £40.0m
– Australia Digital $156.1m (annualised to reflect William Hill's ownership of Sportingbet and tomwaterhouse.com during part of 2013)

None of the award relating to each measure will vest if performance is below threshold, 25% will vest at threshold with full vesting for maximum performance or better. Awards vest on a straight line basis between threshold and maximum. Maximum performance was set so as to significantly exceed the Company's internal expectations at the time. The Committee considers that the targets applying to each BPM are demanding but too sensitive to disclose in advance for commercial reasons.

No EBMS awards were made in 2014 since no annual bonus payments were made in respect of 2013 performance.

PSP, EBMS and SAYE share awards

The table below sets out details of the executive directors' outstanding awards under the PSP, EBMS and SAYE plans:

Name of director	Scheme	Number of shares at 31 December 2013	Granted during the period	Lapsed during the period	Exercised during the period	Number of shares at 30 December 2014	Date from which exercisable	Expiry date
James Henderson	PSP 2011	134,319	–	–	(148,633)[1]	–	Apr 2014	Apr 2021
	PSP 2012	126,042	–	–	–	126,042	Mar 2015	Mar 2022
	PSP 2013	70,531	–	–	–	70,531	Apr 2016	Apr 2023
	PSP 2014	–	161,440	–	–	161,440	Mar 2018	May 2024
	EBMS 2012	47,391	–	–	–	47,391	Mar 2015	Apr 2015
	EBMS 2013	22,673	–	–	–	22,673	Apr 2016	May 2016
	SAYE 2012	5,451	–	–	–	5,451	Aug 2015	Feb 2016
	SAYE 2014	–	3,296	–	–	3,296	Aug 2017	Feb 2018
	Total	**406,407**	**164,736**	**–**	**(148,633)**	**436,824**		
Neil Cooper	PSP 2010	385,049	–	–	(432,611)[1]	–	May 2014	May 2020
	PSP 2011	208,941	–	–	(231,254)[1]	–	Apr 2014	Apr 2021
	PSP 2012	184,215	–	–	–	184,215	Mar 2015	Mar 2022
	PSP 2013	97,461	-	–	–	97,461	Apr 2016	Apr 2023
	PSP 2014	–	204,490	–	–	204,490	Mar 2018	May 2024
	EBMS 2011	84,940	–	–	(94,011)[1]	–	Mar 2014	Apr 2014
	EBMS 2012	103,897	–	–	–	103,897	Mar 2015	Apr 2015
	EBMS 2013	58,477	–	–	–	58,477	Apr 2016	May 2016
	SAYE 2011	6,442	–	–	(6,442)	–	Aug 2014	Feb 2015
	SAYE 2014	–	6,593	–	–	6,593	Aug 2017	Feb 2018
	Total	**1,129,422**	**211,083**	**–**	**(764,318)**	**655,133**		
Ralph Topping	PSP 2010	587,888	–	–	(660,506)[1]	–	May 2014	May 2020
	PSP 2011	358,186	–	–	(396,438)[1]	–	Apr 2014	Apr 2021
	PSP 2012	315,104	–	–	–	315,104	Mar 2015	Mar 2022
	PSP 2013	166,710	–	–	–	166,710	Apr 2016	Apr 2023
	PSP 2014	–	399,754	–	–	399,754	Mar 2018	May 2024
	EBMS 2011	378,410	–	–	(418,822)[1]	–	Mar 2014	Apr 2014
	EBMS 2012	315,589	–	–	–	315,589	Mar 2015	Apr 2015
	EBMS 2013	192,550	–	–	–	192,550	Apr 2016	May 2016
	Retention	642,855	–	–	(642,855)[1]	–	Dec 2013	Jun 2014
	SAYE 2012	5,451	–	–	–	5,451	Aug 2015	Feb 2016
	Total	**2,962,743**	**399,754**	**–**	**(2,118,621)**	**1,395,158**		

Notes:

PSP awards until 2014 are subject to two performance conditions, with half the award subject to a relative TSR measure and half subject to an aggregate adjusted EPS measure, both measured over three financial years. 2014 PSP awards are based half on a relative TSR measure, one quarter on EPS performance and one quarter on BPMs, all measured over four financial years. EBMS awards are deferred bonus shares which will vest after three years, subject to continued service only.

[1] The number includes dividend shares.

Update on Business Performance Measures for 2014 PSP Awards

A sliding scale of four-year growth targets was set for the three BPMs (net revenue growth in mobile Sportsbook, mobile gaming and Australia digital) using the 2013 actual result as the base figure (representing 25% of the total award). The following table shows strong growth in all three areas during 2014 and provides an indication of vesting performance (based on one year's results only) against the target range. Further details on the BPMs are shown as part of the Key Performance Indicators section of the main Annual Report on page 18. Actual vesting levels will be dependent on performance over the full four-year performance period.

Net Revenues	Mobile Sportsbook	Mobile gaming	Australia digital
2013	£95.9m	£40.0m	$156.1m[1]
2014	£141.9m	£86.8m	$169.1m
Indicative level of vesting based on performance after one year.	Above Target	Above Target	Below Target

[1] Annualised to reflect William Hill's ownership of Sportingbet and tomwaterhouse.com during part of 2013.

Table of directors' share interests

The share interests of each person who was a director of the Company during the year as at 30 December 2014 (together with interests held by his or her connected persons) were as follows:

Name of director	Owned		PSP awards		EBMS awards[1]		SAYE		Total	% of salary held under Shareholding Policy[1]
	31.12.13	30.12.14	Unvested	Vested	Unvested	Vested	Unvested	Vested	30.12.14	30.12.14
Executive directors										
James Henderson[2]	63,038	63,038	358,013	–	70,064	–	8,747	–	**499,862**	41%
Neil Cooper	2,866	407,802	486,166	–	162,374	–	6,593	–	**1,062,935**	380%
Non-executive directors										
Gareth Davis	114,888	114,888	–	–	–	–	–	–	**114,888**	–
Roy Gardner[2]	-	10,000	–	–	–	–	–	–	**10,000**	–
David Lowden	12,222	12,222	–	–	–	–	–	–	**12,222**	–
Ashley Highfield	7,147	8,520	–	–	–	–	–	–	**8,520**	–
Georgina Harvey	12,221	12,221	–	–	–	–	–	–	**12,221**	–
Imelda Walsh	12,222	12,222	–	–	–	–	–	–	**12,222**	–
Former Directors[3]										
Ralph Topping	180,495	275,619	881,568	–	508,139	–	5,451	–	**1,670,777**	–
David Edmonds	29,333	29,333	–	–	–	–	–	–	**29,333**	–

1 Calculated as legally owned shares held on 30 December 2014 multiplied by the average of the three month share price to 30 December 2014 (354p) divided by 2015 base salary.
2 James Henderson and Sir Roy Gardner joined the Board on 4 July 2014 and 3 March 2014 respectively. The opening values are based on the number of shares held at the time they joined the Board.
3 Ralph Topping and David Edmonds retired from the Board on 31 July 2014 and 8 May 2014 respectively. The closing values are based on the number of shares they held at the time they retired from the Board.

The CEO is expected to hold William Hill shares to the value of a minimum of 200% of salary, and the Group Finance Director a minimum of 150% of salary (within five years of appointment to the PLC Board). The CEO's shareholding reflects his relatively short period on the Board.

During the period 31 December 2014 to 27 February 2015, there have been no changes in the directors' share interests.

Payments for loss of office

Ralph Topping stepped down from the Board on 31 July 2014. Under the terms of Mr Topping's service contract, the Company is required to give 12 months' notice and this started on 3 July 2014 (the notice period), immediately prior to the announcement of James Henderson as the new CEO. Mr Topping continues to remain an employee until the expiry of the notice period and receives a base salary of £650,000 and contractual benefits. Given that Mr Topping is leaving following 44 years' service to the Company, the Committee agreed to treat Mr Topping as a good leaver for the purposes of incentive awards.

Mr Topping received a performance-related bonus based for 2014, pro-rated up to 31 July 2014 (as set out on pages 77 and 78) but based on performance for the full financial year. The bonus will be paid in cash in line with the default policy for good leavers.

Mr Topping has outstanding awards under the EBMS, PSP and the SAYE, which are set out in the table on page 80. The following applies in respect of outstanding awards:

– The PSP award granted in 2012 will vest at 95.3% as set out on page 78 on 7 March 2015. The 2013 and 2014 awards which will not have completed their respective performance periods at the end of the notice period will vest subject to its original performance conditions on the normal vesting date and will be subject to pro-rating in accordance with the plan rules;

– The 2012 and 2013 EBMS awards will be released over their normal cycle; and

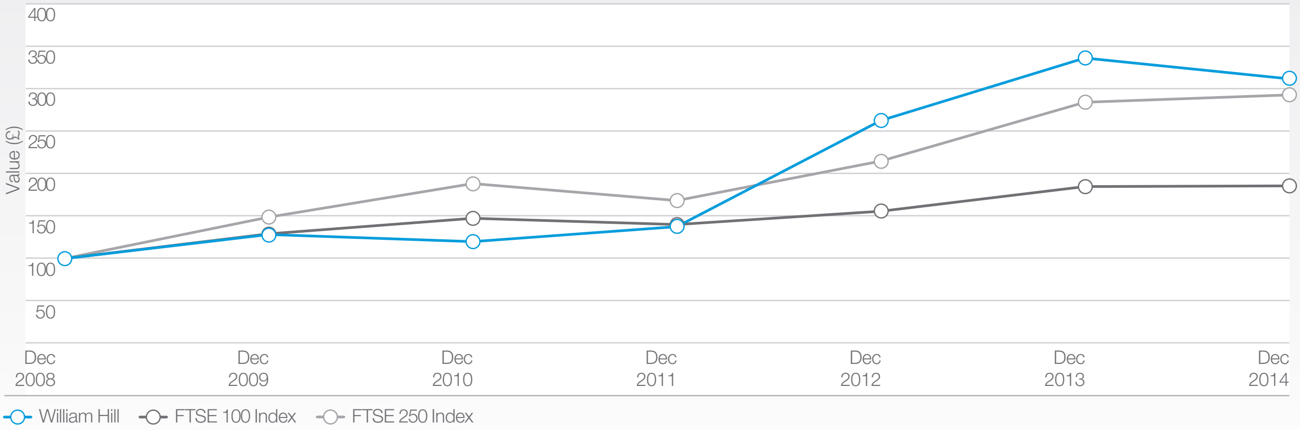
– The 2012 SAYE will vest in line with normal good leaver provisions.

Total shareholder return chart and Chief Executive earnings history

The chart below shows the Company's TSR performance compared with that of the performance of the FTSE 100 and FTSE 250 Indices. As a member of both indices in recent times, the Committee believes both indices are appropriate to compare William Hill's performance against.

DIRECTORS' REMUNERATION REPORT

Total Shareholder Return



Source: Thomson Reuters

The single total remuneration history of the CEO is shown in the table below:

Financial Year	2009 RT	2010 RT	2011 RT	2012 RT	2013 RT	2014 RT[7]	2014 JH[8]
Ralph Topping/James Henderson							
Single figure remuneration (£'000)	£1,055	£1,650	£3,403[6]	£1,914	£4,673	£2,277	£1,369
Annual Bonus Outcome (% Maximum)	90%	100%	94%	100%	0%	86%	88%
LTIP Vesting Outcome (% Maximum)	0%[1]	0%[2]	49%[3]	n/a	100%[4]	95%[5]	95%[5]

1 2007 EBMS Matching Award.
2 2008 EBMS Matching Award.
3 2009 EBMS Matching Award.
4 2010 and 2011 PSP Awards.
5 Includes value of retention bonus at grant. An additional 46,649 dividend shares have accrued over the vesting period valued at £187,482 as at 31 December 2013.
6 2012 PSP Award.
7 Pay to 31 July 2014 plus 2012 PSP Award.
8 Pay from 1 August 2014 plus 2012 PSP Award.

Change in remuneration of the CEO

	Base Salary			Taxable Benefits			Bonus		
	2014	2013	% Change	2014	2013	% Change	2014	2013	% Change
CEO	£608,334	£650,000	–6.4%	£28,107[2]	£30,431	–7.6%	£922,503	£0	–
Salaried Employees	£19,483[3]	£20,021	–2.7%	£605	£573	5.6%	£1,371	£0	–

1 2014 CEO's figure calculated as 7 months' salary, benefits and bonus for Ralph Topping plus 5 months' salary, benefits and bonus for James Henderson.
2 Taxable benefits excludes relocation costs and taxable expenses.
3 Whilst a salary increase of 2% was paid to all UK employees, the closure of LBOS, manpower planning and cost control in UK Retail during 2014 has resulted in a decrease to the average salary paid to full-time employees.

The change in the CEO's remuneration is compared to the change in remuneration of all full-time salaried employees across the Retail, Online and Group areas of the UK business who were employed throughout 2013 and 2014. Part-time and hourly paid employees in either 2013 or 2014 are excluded from the comparison figure.

Relative importance of spend on pay

The following table sets out the percentage change in profit, dividends and overall spend on pay in 2014 compared to 2013. Profit after tax, which includes exceptional items, fell 9%, however operating profit increased by 11% in the year. Dividend increases are well above remuneration cost increases.

	2014	2013	% Change
Profit after tax	£206.3m	£226.5m	–9%
Dividends paid	£104.0m	£87.1m	19%
Employee remuneration costs	£349.3m	£327.1m	7%

Auditable sections of the Annual report on Remuneration

The auditable sections of the Annual Report on Remuneration are shown from page 76 (starting with the single total figure of remuneration for each director) up to page 80 (including the section titled Payments for loss of office).

Approval

This report was approved by the Board of directors on 27 February 2015 and signed on its behalf by:

Imelda Walsh
Chair, Remuneration Committee

DIRECTORS' REPORT

The directors present their Annual Report on the affairs of the Group, together with the financial statements and auditor's report, for the period ended 30 December 2014. The following also form part of this report:

- pages 52 and 53, which show the names of all persons who were directors of the Company during the year. In addition, during the year David Edmonds and Ralph Topping served as directors of the Company. Mr Edmonds and Mr Topping retired from the Board on 8 May 2014 and 31 July 2014 respectively;
- the reports on corporate governance set out on pages 49 to 63;
- information relating to financial instruments, as provided in the notes to the financial statements;
- related party transactions as set out in note 32 to the financial statements; and
- greenhouse gas emissions, set out on pages 40 and 41.

Details of committee memberships for each director are set out on pages 52 and 53. Details of the directors' interests are set out in the Directors' Remuneration Report.

Management report

For the purposes of compliance with DTR 4.1.5R(2) and DTR 4.1.8R, the required content of the 'Management Report' can be found in the Strategic Report and this Directors' Report, including the sections of the Annual Report and Accounts incorporated by reference.

Annual Report and Accounts

The directors are aware of their responsibilities in respect of the Annual Reports and Accounts. The directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's performance, business model and strategy.

The Statement of Directors' Responsibilities appears on page 85.

Strategic Report

The Board has prepared a Strategic Report which provides an overview of the development and performance of the Group's business for the period ended 30 December 2014 and which covers likely future developments in the Group. The Chairman's overview, the CEO's statement, the business overviews, the strategic priorities, key performance indicators, regulation and marketplace report, divisional and performance overviews, corporate responsibility report, financial review and managing our risks sections together provide information which the directors consider to be of strategic importance to the Group.

Results and dividends

The Group's profit on ordinary activities after taxation and exceptional items for the period was £206.3m (2013: £226.5m). The directors recommend a final dividend of 8.2p per share to be paid on 5 June 2015 to ordinary shareholders on the Register of Members on 1 May 2015 which, if approved, together with the interim dividend of 4.0p per share paid on 5 December 2014, makes a total of 12.2p per share for the year.

Directors' and officers' liability insurance

Pursuant to Article 155 of the Articles of Association and subject to the provisions of the Companies Act 2006, 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.

Share capital

As at 27 February 2015, the Company had an allotted and fully paid-up share capital of 876,986,893 ordinary shares of 10p each with an aggregate nominal value of £87,698,689.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and voting rights. There are no restrictions on the transfer of ordinary shares in the Company other than certain restrictions imposed by laws and regulations. This will include insider trading laws and market requirements relating to close periods. Also included will be the requirements of the Listing Rules whereby directors and certain employees of the Company require the necessary approval to deal in the Company's securities.

Each ordinary share of the Company carries one vote. Further information on the rights and obligations attaching to the Company's ordinary shares, in addition to those conferred on their holders by law, are set out in the Company's Articles of Association, a copy of which can be obtained from the Company Secretary. Changes to the Articles of Association must be approved by special resolution of the Company.

The holders of ordinary shares are entitled to receive the Company's report and accounts, to attend and speak at general meetings of the Company, to appoint proxies or corporate representatives and to exercise voting rights, and to receive a dividend, as and when declared.

Substantial shareholdings

As at 30 December 2014, the Company had been notified, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, of the notifiable interests in the ordinary share capital of the Company set out in the table below.

Name of holder	Percentage shareholding
Parvus Asset Management (UK) LLP (I)	11.26%
Capital Research and Management Company (I)	5.885%
BlackRock Advisors (UK) Limited (I)	5.86%
Oppenheimer Funds, Inc (I)	5.13%
Artemis Investment Management LLP (D and I)	5.06%
Schroders plc (I)	4.98%

In the period 30 December 2014 to 27 February 2015, the following changes were disclosed in accordance with the Disclosure and Transparency Rules:

Name of holder	Percentage shareholding
Morgan Stanley & Co International PLC (D)	5.99%

Nature of holding
D = Direct
I = Indirect

Significant agreements – change of control

There are no significant agreements to which the Company is party which take effect, alter or terminate in the event of a change of control in the Company following a takeover bid.

DIRECTORS' REPORT

Smaller related party transactions

On 16 July 2014 the Company announced the appointment of Tom Waterhouse as Chief Executive Officer of William Hill Australia. The Company also announced the early settlement of the Tom Waterhouse N.T. pty Limited (tomwaterhouse.com) earn-out for A$5m (£2.6m) in cash. The Group had acquired tomwaterhouse.com in August 2013. The announcement was made pursuant to LR 11.1.10 R, given the related party status of Tom Waterhouse.

Nevada regulation

Shareholders of William Hill are subject to regulation by the Nevada State Gaming Control Board and the Nevada Gaming Commission as a result of the Company's ownership of licensed subsidiaries in Nevada and the Company's registration as a publicly traded company operating in Nevada. Information regarding Nevada gaming regulatory requirements can be assessed by shareholders at www.williamhillplc.com.

Employee policies

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'. An employee engagement survey is also conducted annually, the results of which are communicated to employees for review and to managers for action. Employee representatives are consulted regularly through colleague forums on a wide range of matters affecting their current and future interests.

In respect of the UK, the Company operates an SAYE Share Option Scheme which is open to all eligible employees. Options under the scheme are granted with an exercise price up to 20% below the prevailing share price. The maximum permissible monthly savings under the scheme is £500 for savings contracts commenced in 2014. This follows an increase in saving limits from £250 per month, which continues to be the maximum amount which may be saved for savings contracts started before 2014. Employees in selected other countries in which the Company operates may participate in local share saving schemes, which for operational, tax or legislative reasons may differ in operation compared to the UK.

William Hill is committed to equal opportunities in the workplace. In all aspects of employment including recruitment, promotion, training and development and terms and conditions of employment, all employees and applicants for employment are given equal opportunities regardless of gender, marital or family status, race, nationality, ethnic origin, religion, age, disability and sexual orientation. William Hill endeavours to ensure that all employees are made aware of the provisions of the policy and of their responsibility to uphold and promote it. William Hill will not tolerate harassment, discrimination or victimisation in the workplace in any form.

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 employees 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.

Political donations

There were no political donations made during the period (2013: nil).

Authority to purchase own shares

An authority for the Company to purchase its own shares remains valid until the forthcoming Annual General Meeting, when it is intended that a resolution will be put forward to shareholders to renew such authority.

Issue of new ordinary shares

During the financial period ended 30 December 2014, 9,673,160 new ordinary shares of the Company were issued following the exercise of options or vesting of awards under various share schemes. This comprised the following issues of new ordinary shares:

- 1,925,606 shares under the employee Sharesave Scheme, at prices between 128p and 312p per share;
- 3,016,045 shares under the Employee Bonus Matching Scheme;
- 3,275,751 shares under the Performance Share Plan; and
- 1,455,758 shares under the William Hill Online Long Term Incentive Plan.

Except where indicated above, the exercise or vesting price was £nil.

Annual General Meeting

The AGM will be held at 11.00 a.m. on 7 May 2015 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 auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Deloitte LLP have expressed their willingness to be re-appointed as auditor of the Company. A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming AGM.

Other information required to be incorporated by reference

For the purposes of compliance with Listing Rule 9.8.4, the following information is hereby incorporated by reference within this Directors' Report:

Listing Rule Requirement (LR)	Location within the Annual Report
LR 9.8.6R(1) Directors' interests	Directors' Remuneration Report

By order of the Board

Luke Thomas
Company Secretary, William Hill PLC
27 February 2015

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

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, 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 Strategic Report, which includes the management 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.

In addition, each of the directors considers that the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

This responsibility statement is approved by the board of directors and is signed on its behalf by:

J Henderson
Director
27 February 2015

N Cooper
Director
27 February 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIAM HILL PLC

Opinion on financial statements of William Hill PLC

In our opinion:

– the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 December 2014 and of the Group's profit for the 52 week period then ended;

– the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;

– the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

– the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements 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 33, the Parent Company Balance Sheet, the Parent Company Statement of Accounting Policies and the related notes 1 to 14. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Separate opinion in relation to IFRSs as issued by the IASB

As explained in the Statement of Group Accounting Policies in the Group financial statements, in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, the Group has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Going concern

As required by the Listing Rules we have reviewed the directors' statement on page 58 that the Group is a going concern. We confirm that:

– we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and

– we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Impairment of goodwill and intangible assets The annual impairment test is a complex process requiring significant management judgement and is based on assumptions about future profitability and cash flows, appropriate discount rates and long-term growth rates as disclosed in note 12 of the Group financial statements.	Our work focused on detailed analysis and challenge of the assumptions used by management in conducting impairment reviews. This included: – agreement of cash flow assumptions to board-approved budgets; – challenge of short-term growth rates used in the Group's and components' forecasts by reference to current performance, considering management's historical budgeting accuracy and in the context of independent growth estimates; – consideration of the appropriateness of long-term growth rates by comparison to the historical average long-term growth rates achieved in the country of operation; – we considered the appropriateness of the identified cash generating units in accordance with IAS 36 – Impairment of Assets; – using our valuations specialists to independently calculate appropriate discount rates for comparison with those used by management; and – we have sensitised management's assumptions to reflect reasonably possible future alternative scenarios.
Consideration of useful economic lives ("UELs") of remaining intangible assets As noted in the key sources of estimation uncertainty on page 96 of the financial statements, management review the UELs of intangible assets on a periodic basis. A change in estimate may materially impact the amortisation charge in the current and future periods. As disclosed in notes 3 and 12 to the financial statements, the UELs of certain Australian brand assets acquired in previous years have been reassessed resulting in additional, accelerated amortisation being charged to the income statement of £44.5 million. In addition as disclosed in note 12 to the financial statements, £484.3 million of indefinite life assets remain unamortised in the Retail Cash Generating Unit. Software and acquired technology platforms with a net book value of £83.5 million are being amortised over a period of between three and ten years.	We have challenged the judgements taken by management and verified the expected UELs with reference to approved business plans and minutes of board meetings held throughout the period. We have recalculated the additional, accelerated amortisation charge recognised in the financial statements, with specific consideration to the period over which the assets are being amortised and the date on which the UEL's were reassessed. We have also considered the appropriateness of the indefinite life assumption of the intangible assets in the Retail Cash Generating Unit through discussion with management of future business plans, review of forecasts and the likelihood and costs associated with licence renewal. We have considered the appropriateness of the amortisation period of the remaining intangible assets through discussion with management and review of future information technology capital expenditure plans and proposals.
Revenue recognition including the completeness and valuation of ante post revenue deferral The appropriate identification and valuation of all open bets in place at the period end may have a material impact on revenue recognised in the period.	Together with our IT audit specialists we tested the operating effectiveness of both manual and automated controls in the revenue cycle including cash reconciliations from the betting operating systems. We substantively recalculated the amount and validity of revenue recognised on a sample of bets placed during the year and where appropriate used data analytic procedures to recalculate revenue recognised within the Online sportsbook business. Where open bets were identified through our procedures we agreed these amounts to the fair value calculation of ante post bet liabilities to test for completeness and valuation. We have assessed the judgements made in the fair value calculation and, therefore revenue recognised on open bets, by comparing margins applied to the gross liabilities to historical margins achieved.
Assessment of underlying assumptions used to calculate pension scheme liabilities Actuarial valuation of the pension scheme liabilities represents an area of significant judgement for the financial statements. Changes to underlying assumptions such as discount, inflation and mortality rates, as disclosed in note 31, may have a material impact on the value of the £340.5 million gross liabilities recognised (2013: £327.8 million).	We worked with our own actuarial specialists to test the assumptions used by management in valuing the scheme liabilities by comparison to industry benchmarks and prior period rates adopted.
Valuation of corporation tax provisions The way in which William Hill organises its operations in different jurisdictions requires management to make judgements and estimates in relation to interpretation of local tax laws and potential tax provisions and exposures.	Our audit approach was to use our internal tax specialists to evaluate those tax provisions recorded by management and potential tax exposures. We challenged management's judgements utilising tax specialists in the UK, Australia and Gibraltar using their experience in country specific tax law and experience in similar structures and operations. In assessing those judgements taken we also considered relevant correspondence with tax authorities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIAM HILL PLC

Last year our report included a risk that concerned the appropriate valuation of intangible assets identified in business combinations. No such business combinations have occurred in the current year and therefore this risk is no longer applicable.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 61.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £15m (2013: £14.1m), which is below 5% (2013: 5%) of pre-tax profit before those exceptional items disclosed in note 3 to the Group financial statements, and below 2% (2013: 2%) of equity. Pre-tax profit before exceptional items has been used to exclude the volatility of such exceptional items from our determination.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.3m (2013: £0.3m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work at four locations: UK; Gibraltar; Australia; and USA.

These locations represent the principal business units and account for over 99% (2013: over 99%) of the Group's net assets, the Group's revenue and the Group's pre and post exceptional profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work on each of the four locations was executed at levels of materiality applicable to each individual entity which were lower than group materiality and ranged from £7.5 million to £9.75 million (2013: £7 million to £9.1 million).

At the Parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

We include all component audit teams in our team briefing and discuss their risk assessment. The audit procedures in the UK and the USA were performed by members of the Group audit team. In the current year the Senior Statutory Auditor visited both Australia and Gibraltar. For each of the businesses included within the programme of planned visits, the Group audit team discussed audit findings with the relevant component audit team throughout the audit engagement and reviewed relevant audit working papers.

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept 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 are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Matters on which we are required to report by exception

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

– materially inconsistent with the information in the audited financial statements; or

– apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or

– otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit and Risk Management Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

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.

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

Paul Franek FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
27 February 2015

CONSOLIDATED INCOME STATEMENT

for the 52 weeks ended 30 December 2014

	Notes	Before exceptional items £m	Exceptional items (note 3) £m	52 weeks ended 30 December 2014 Total £m	Before exceptional items £m	Exceptional items (note 3) £m	52 weeks ended 31 December 2013 Total £m
Continuing operations							
Amounts wagered	2	8,945.7	–	8,945.7	7,800.8	–	7,800.8
Revenue	1,2	1,609.3	–	1,609.3	1,486.5	–	1,486.5
Cost of sales	2,3	(294.5)	(9.7)	(304.2)	(266.6)	(5.6)	(272.2)
Gross profit	2	1,314.8	(9.7)	1,305.1	1,219.9	(5.6)	1,214.3
Other operating income	1	8.9	–	8.9	7.4	–	7.4
Other operating expenses	3	(961.5)	(71.7)	(1,033.2)	(906.6)	(15.5)	(922.1)
Share of results of associates	4	1.0	–	1.0	3.4	–	3.4
Profit before interest and tax	2,5	363.2	(81.4)	281.8	324.1	(21.1)	303.0
Investment income	1,7	1.0	–	1.0	1.1	–	1.1
Finance costs	3,8	(46.9)	(2.0)	(48.9)	(45.4)	(1.7)	(47.1)
Profit before tax	2	317.3	(83.4)	233.9	279.8	(22.8)	257.0
Tax	3,9	(63.1)	35.5	(27.6)	(32.2)	1.7	(30.5)
Profit for the period		254.2	(47.9)	206.3	247.6	(21.1)	226.5
Attributable to:							
Equity holders of the parent		254.2	(47.9)	206.3	232.3	(21.1)	211.2
Non-controlling interest		–	–	–	15.3	–	15.3
		254.2	(47.9)	206.3	247.6	(21.1)	226.5
Earnings per share (pence)							
Basic	11			23.6			25.2
Diluted	11			23.4			24.7

Exceptional items before tax (note 3)	2014 £m	2013 £m
Portfolio shop closures	(19.4)	–
tomwaterhouse.com acquisition and integration costs	(3.3)	(2.0)
Revaluation of tomwaterhouse.com contingent consideration	(2.2)	–
Australian management restructuring	(1.8)	–
VAT repayment	(0.5)	(5.6)
Indirect taxation	(9.7)	–
Accelerated brand amortisation	(44.5)	–
Sportingbet acquisition and integration costs	–	(13.5)
Exceptional items before interest and tax	(81.4)	(21.1)
Costs in respect of refinancing	(2.0)	(1.7)
Exceptional items before tax	(83.4)	(22.8)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks ended 30 December 2014

	Notes	**52 weeks ended 30 December 2014 £m**	52 weeks ended 31 December 2013 £m
Profit for the period		**206.3**	226.5
Items that will not be reclassified subsequently to profit or loss:			
Actuarial remeasurements in defined benefit pension scheme	31	**36.4**	(3.8)
Tax on remeasurements in defined benefit pension scheme	24	**(7.3)**	(1.7)
		29.1	(5.5)
Items that may be reclassified subsequently to profit or loss:			
Loss on cash flow hedges	23	**–**	(0.6)
Exchange differences on translation of foreign operations		**(5.4)**	(98.6)
		(5.4)	(99.2)
Other comprehensive income/(loss) for the period		**23.7**	(104.7)
Total comprehensive income for the period		**230.0**	121.8
Attributable to:			
Equity holders of the parent		**230.0**	106.5
Non-controlling interest		**–**	15.3
		230.0	121.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 52 weeks ended 30 December 2014

	Attributable to owners of the parent							
	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 equity £m
At 1 January 2014	**86.7**	**680.7**	**6.8**	**(26.1)**	**(3.8)**	**(99.9)**	**378.9**	**1,023.3**
Profit for the financial period	–	–	–	–	–	–	206.3	206.3
Other comprehensive (loss)/income for the period	–	–	–	–	–	(5.4)	29.1	23.7
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**(5.4)**	**235.4**	**230.0**
Purchase and issue of own shares (note 26)	0.1	–	–	–	(5.8)	–	4.9	(0.8)
Transfer of own shares to recipients (note 26)	–	–	–	–	8.5	–	(8.5)	–
Other shares issued during the period	0.9	2.5	–	–	–	–	(0.7)	2.7
Credit recognised in respect of share remuneration (note 30)	–	–	–	–	–	–	7.4	7.4
Tax credit in respect of share remuneration (note 24)	–	–	–	–	–	–	1.7	1.7
Dividends paid (note 10)	–	–	–	–	–	–	(104.0)	(104.0)
At 30 December 2014	**87.7**	**683.2**	**6.8**	**(26.1)**	**(1.1)**	**(105.3)**	**515.1**	**1,160.3**

	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 attributable to owners of the parent £m	Non-controlling interest £m	Total equity £m
At 2 January 2013	70.6	321.4	6.8	(26.1)	(2.7)	(0.7)	653.1	1,022.4	14.6	1,037.0
Profit for the financial period	–	–	–	–	–	–	211.2	211.2	15.3	226.5
Other comprehensive loss for the period	–	–	–	–	–	(99.2)	(5.5)	(104.7)	–	(104.7)
Total comprehensive income for the period	–	–	–	–	–	(99.2)	205.7	106.5	15.3	121.8
Purchase and issue of own shares	0.2	–	–	–	(9.6)	–	9.0	(0.4)	–	(0.4)
Transfer of own shares to recipients	–	–	–	–	8.5	–	(8.5)	–	–	–
Rights issue, net of costs	15.7	357.7	–	–	–	–	–	373.4	–	373.4
Other shares issued during the period	0.2	1.6	–	–	–	–	–	1.8	–	1.8
Credit recognised in respect of share remuneration	–	–	–	–	–	–	8.9	8.9	–	8.9
Tax credit in respect of share remuneration	–	–	–	–	–	–	2.9	2.9	–	2.9
Dividends paid	–	–	–	–	–	–	(87.1)	(87.1)	–	(87.1)
Distributions to non-controlling interest	–	–	–	–	–	–	–	–	(21.6)	(21.6)
Purchase of non-controlling interest, net of costs	–	–	–	–	–	–	(414.8)	(414.8)	(8.3)	(423.1)
Reversal of non-controlling interest perpetuity creditor	–	–	–	–	–	–	9.7	9.7	–	9.7
At 31 December 2013	86.7	680.7	6.8	(26.1)	(3.8)	(99.9)	378.9	1,023.3	–	1,023.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 December 2014

	Notes	30 December 2014 £m	31 December 2013 £m
Non-current assets			
Intangible assets	12	**1,816.3**	1,854.8
Property, plant and equipment	13	**225.4**	249.2
Interest in associate	15	**14.0**	14.0
Deferred tax asset	24	**12.9**	18.6
Retirement benefit asset	31	**27.5**	–
Loans receivable		**2.3**	4.6
		2,098.4	2,141.2
Current assets			
Inventories	16	**0.1**	0.2
Trade and other receivables	17	**55.3**	56.4
Cash and cash equivalents	17	**222.1**	206.7
Investment property held for sale	18	**4.7**	9.4
		282.2	272.7
Total assets		**2,380.6**	2,413.9
Current liabilities			
Trade and other payables	19	**(314.6)**	(278.7)
Corporation tax liabilities		**(44.0)**	(37.6)
Derivative financial instruments	23	**(11.2)**	(12.3)
		(369.8)	(328.6)
Non-current liabilities			
Borrowings	20	**(716.1)**	(895.9)
Retirement benefit obligations	31	**–**	(17.5)
Deferred tax liabilities	24	**(134.4)**	(148.6)
		(850.5)	(1,062.0)
Total liabilities		**(1,220.3)**	(1,390.6)
Net assets		**1,160.3**	1,023.3
Equity			
Called-up share capital	25	**87.7**	86.7
Share premium account		**683.2**	680.7
Capital redemption reserve		**6.8**	6.8
Merger reserve		**(26.1)**	(26.1)
Own shares held	26	**(1.1)**	(3.8)
Hedging and translation reserves		**(105.3)**	(99.9)
Retained earnings		**515.1**	378.9
Total equity		**1,160.3**	1,023.3

The financial statements of William Hill PLC, registered number 4212563, were approved by the Board of directors and authorised for issue on 27 February 2015 and are signed on its behalf by:

J Henderson
Director

N Cooper
Director

CONSOLIDATED CASH FLOW STATEMENT

for the 52 weeks ended 30 December 2014

	Notes	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Net cash from operating activities	28	**368.2**	267.6
Investing activities			
Dividend from associate	15	**1.0**	2.0
Interest received	7	**1.0**	1.1
Proceeds on disposal of property, plant and equipment		**2.2**	1.8
Proceeds on disposal of investment properties	18	**4.1**	–
Loans receivable		**2.3**	(6.9)
Acquisitions (net of cash acquired)		**(2.6)**	(451.4)
Purchase of non-controlling interest, net of costs		**–**	(423.1)
Purchases of property, plant and equipment		**(29.1)**	(49.6)
Expenditure on computer software		**(45.5)**	(35.0)
Net cash used in investing activities		**(66.6)**	(961.1)
Financing activities			
Proceeds on issue of shares under share schemes		**2.7**	1.8
Purchase of own shares		**(0.8)**	(0.4)
Proceeds on rights issue		**–**	384.3
Fees in respect of rights issue		**–**	(10.9)
Dividends paid	10	**(104.0)**	(87.1)
Distributions to non-controlling interests		**–**	(21.6)
(Repayments under)/net amounts drawn down on borrowing facilities	20	**(180.0)**	120.0
Debt facility issue costs		**(4.1)**	(1.9)
Issue of £375m Guaranteed Notes due 2020		**–**	375.0
Finance fees paid on £375m Guaranteed Notes		**–**	(4.0)
Net cash (used in)/from financing activities		**(286.2)**	755.2
Net increase in cash and cash equivalents in the period		**15.4**	61.7
Changes in foreign exchange rates		**–**	(6.7)
Cash and cash equivalents at start of period	17	**206.7**	151.7
Cash and cash equivalents at end of period	17	**222.1**	206.7

STATEMENT OF GROUP ACCOUNTING POLICIES

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 Strategic Report on pages 3 to 48 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 our accounting policies.

Basis of accounting

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB. The Group financial statements have also been prepared in accordance with IFRSs 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 where certain assets or liabilities are held at amortised cost or at fair value as described in our accounting policies. The key accounting policies adopted are set out below.

Adoption of new and revised standards

In preparing the Group financial statements for the current period the Group has adopted a number of new IFRSs, amendments to IFRSs and IFRS Interpretations Committee (IFRIC) interpretations, none of which have had a significant effect on the results or net assets of the Group. A list is provided in an appendix to the Annual Report.

Standards in issue but not effective

A complete list of standards that are in issue but not yet effective is included with our full accounting policies in an appendix to the Annual Report.

We do not anticipate that there will be a material impact on the Group's financial statements from standards that are in issue but not yet effective.

Key accounting policies

Below we set out our key accounting policies. A complete list of our accounting policies is included in the Annual Report as an appendix on pages 134 to 140.

Revenue recognition

Amounts wagered does not represent the Group's statutory revenue measure and comprises the gross takings receivable from customers in respect of individual bets placed in the period in over-the-counter LBO, Telephone, US, Australia and Online Sportsbook businesses and net revenue for the period for LBO gaming machines and Online casino, poker and bingo products.

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, US, Online Sportsbook, Online casino (including games on the Online arcade and other numbers bets) and Australian operations, revenue represents gains and losses from gambling 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.

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 bookmaking software licensing income, which are recognised on an accruals basis.

Going concern

As highlighted in notes 20 and 21 to the financial statements, the Group meets its day-to-day working capital requirements from positive operational cash flow and its available cash resources. These are supplemented when required by additional drawings under the Group's bank loan facilities, which are committed until May 2019. Whilst there are a number of risks to the Group's trading performance, the Group does not have any material debt repayment obligations before November 2016. The Group's strategic forecasts, based on reasonable assumptions, indicate that the Group should be able to operate within the level of its currently available committed facilities and its banking covenants for the period of the strategic forecast.

After making enquiries and after consideration of the Group's existing operations, cash flow forecasts and assessment of business, regulatory and financing risks, 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.

STATEMENT OF GROUP ACCOUNTING POLICIES

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. Profit measures used by the Group to monitor and report on business performance exclude exceptional items, since these items may distort an understanding of financial performance or impair comparability.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in the Statement of Group Accounting Policies included on pages 134 to 140, 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 have been allocated. The value in use calculation requires the directors 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 used in these financial statements.

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 and mortality. Differences arising from actual experience or future changes in assumptions will be reflected in subsequent periods. Note 31 provides information on the assumptions used in these financial statements.

Valuation of ante post bet 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.

Taxation

Due to the multinational nature of the Group and the complexity of tax legislation in various jurisdictions in which the Group operates, the directors must apply judgement in estimating the likely outcome of certain tax matters whose final outcome may not be determined for a number of years and which may differ from the current estimation. In forming that judgement, the directors make assumptions regarding the interpretation and application of tax laws to the circumstances of those specific items.

These estimates are updated in each period until the outcome is finally determined through resolution with a tax authority and/or through a legal process. Differences arising from changes in estimates or from final resolution may be material and will be charged or credited to the income statement in the period of re-estimation or resolution.

Valuations and useful economic lives of assets on acquisition

In assessing the fair value of assets and liabilities acquired in business combinations, the directors use their judgement in selecting suitable valuation methods and inputs and in estimating the useful economic lives (UELs) of assets. The range of inputs considered in these valuations varies according to the item being valued and typically includes discount rates and the forecast future performance of the business being acquired, both of which involve a degree of estimation.

UELs are reviewed on a periodic basis and changes are recognised prospectively through an adjustment to the asset's amortisation charge in the income statement. A change in UEL of an asset, including the allocation of a definite life to an asset which previously had an indefinite life, may result in a materially different amortisation charge in that and subsequent years.

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. Revenue

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

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Rendering of services disclosed as revenue in the Consolidated Income Statement	**1,609.3**	1,486.5
Other operating income	**8.9**	7.4
Interest on bank deposits (note 7)	**1.0**	1.1
Total revenue as defined in IAS 18	**1,619.2**	1,495.0

2. Segment information

The Board has reviewed and confirmed the Group's reportable segments in line with the guidance provided by IFRS 8 'Operating Segments'. The segments disclosed below are aligned with the reports the Group's Chief Executive Officer reviews to make strategic decisions.

The Retail distribution channel comprises all activity undertaken in LBOs including gaming machines. The Online segment comprises all activity undertaken online outside of Australia, including sports betting, casino, poker sites and other gaming products. The Telephone segment comprises the Group's telephone betting services outside of Australia. The US segment comprises all activity undertaken in the USA. The Australia segment comprises online and telephone sports betting under the Centrebet, Sportingbet and tomwaterhouse.com brands in Australia. Other activities include on-course betting and greyhound stadia operations. There are no inter-segmental sales within the Group.

Segment information for the 52 weeks ended 30 December 2014 is as follows:

	Retail £m	Online £m	Telephone £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Amounts wagered	2,913.9	4,032.3	212.2	375.7	1,388.7	22.9	–	8,945.7
Payout	(2,002.5)	(3,504.9)	(200.4)	(346.0)	(1,266.8)	(15.8)	–	(7,336.4)
Revenue	**911.4**	**527.4**	**11.8**	**29.7**	**121.9**	**7.1**	**–**	**1,609.3**
GPT, duty, levies and other costs of sales	(209.9)	(51.0)	(0.1)	(2.5)	(30.1)	(0.9)	–	(294.5)
Gross profit	701.5	476.4	11.7	27.2	91.8	6.2	–	1,314.8
Depreciation	(26.8)	(0.7)	–	(0.6)	(1.3)	(0.2)	(3.9)	(33.5)
Amortisation	(2.7)	(25.9)	(0.2)	–	(3.5)	–	–	(32.3)
Other administrative expenses	(478.8)	(272.1)	(12.3)	(16.9)	(62.3)	(6.1)	(29.3)	(877.8)
Share of results of associates	–	–	–	–	–	–	1.0	1.0
Operating profit/(loss)[1]	**193.2**	**177.7**	**(0.8)**	**9.7**	**24.7**	**(0.1)**	**(32.2)**	**372.2**
Amortisation of specific acquired intangibles	–	(1.3)	–	(2.6)	(5.1)	–	–	(9.0)
Exceptional operating items	(19.9)	(9.7)	–	–	(51.8)	–	–	(81.4)
Profit/(loss) before interest and tax[2]	**173.3**	**166.7**	**(0.8)**	**7.1**	**(32.2)**	**(0.1)**	**(32.2)**	**281.8**
Non-operating exceptional items							(2.0)	(2.0)
Investment income							1.0	1.0
Finance costs							(46.9)	(46.9)
Profit before tax								**233.9**

1 The Group defines operating profit/(loss) as pre-exceptional profit/(loss) before interest and tax, before the amortisation of specific intangible assets recognised on acquisitions.

2 The reports used by the Chief Executive Officer to make strategic decisions use operating profit as a key metric. A reconciliation to profit/(loss) before interest and tax has been provided for information purposes only.

2. Segment information

As at 30 December 2014	Retail £m	Online £m	Telephone £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Statement of financial position information								
Total segment assets	1,384.8	372.1	–	52.5	388.5	11.1	158.7	2,367.7
Total segment liabilities	(90.2)	(139.4)	(0.5)	(10.1)	(44.4)	(0.1)	(757.2)	(1,041.9)
Included within total assets:								
Goodwill	680.7	183.9	–	19.3	274.4	7.1	–	1,165.4
Other intangibles with indefinite lives	484.3	–	–	–	–	–	–	484.3
Investment in associates	–	–	–	–	–	–	14.0	14.0
Capital additions	25.2	31.3	–	2.2	5.8	–	5.8	70.3

Net assets/(liabilities) have been allocated by segment based on the information reviewed by the Group's Chief Executive Officer. Corporate net assets include net borrowings and the net defined benefit pension asset as well as any assets and liabilities that cannot be allocated to a particular channel other than on an arbitrary basis.

Capital additions in the above table are stated on an accruals basis.

Segment information for the 52 weeks ended 31 December 2013:

	Retail £m	Online £m	Telephone £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Amounts wagered	2,874.1	3,165.0	252.0	310.2	1,177.1	22.4	–	7,800.8
Payout	(1,967.1)	(2,718.7)	(235.5)	(287.5)	(1,090.4)	(15.1)	–	(6,314.3)
Revenue	**907.0**	**446.3**	**16.5**	**22.7**	**86.7**	**7.3**	**–**	**1,486.5**
GPT, duty, levies and other costs of sales	(203.3)	(40.2)	–	(2.0)	(20.2)	(0.9)	–	(266.6)
Gross profit	703.7	406.1	16.5	20.7	66.5	6.4	–	1,219.9
Depreciation	(25.8)	(0.7)	–	(0.5)	(3.1)	(0.2)	(4.0)	(34.3)
Amortisation	(2.6)	(18.2)	(0.2)	–	–	–	–	(21.0)
Other administrative expenses	(479.0)	(239.4)	(16.3)	(15.3)	(51.4)	(6.0)	(25.6)	(833.0)
Share of results of associates	–	–	–	–	–	–	3.4	3.4
Operating profit/(loss)[1]	**196.3**	**147.8**	**–**	**4.9**	**12.0**	**0.2**	**(26.2)**	**335.0**
Amortisation of specific acquired intangibles	–	(4.0)	–	(2.5)	(4.4)	–	–	(10.9)
Exceptional operating items	(5.6)	–	–	–	(15.5)	–	–	(21.1)
Profit/(loss) before interest and tax[2]	**190.7**	**143.8**	**–**	**2.4**	**(7.9)**	**0.2**	**(26.2)**	**303.0**
Non-operating exceptional items							(1.7)	(1.7)
Investment income							1.1	1.1
Finance costs							(45.4)	(45.4)
Profit before tax								**257.0**

1 The Group defines operating profit/(loss) as pre-exceptional profit/(loss) before interest and tax, before the amortisation of specific intangible assets recognised on acquisitions.

2 The reports used by the Chief Executive Officer to make strategic decisions use operating profit as a key metric. A reconciliation to profit/(loss) before interest and tax has been provided for information purposes only.

2. Segment information

As at 31 December 2013	Retail £m	Online £m	Telephone £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Statement of financial position information								
Total segment assets	1,389.3	374.5	0.6	54.4	449.4	11.4	115.7	2,395.3
Total segment liabilities	(86.0)	(120.8)	(4.9)	(8.6)	(32.4)	(0.3)	(951.4)	(1,204.4)
Included within total assets:								
Goodwill	681.0	183.9	–	18.1	280.6	7.1	–	1,170.7
Other intangibles with indefinite lives	484.6	–	–	–	86.2	–	–	570.8
Investment in associates	–	–	–	–	–	–	14.0	14.0
Capital additions	39.6	34.7	–	2.6	2.8	–	8.8	88.5

Net assets/(liabilities) have been allocated by segment based on the information reviewed by the Group's Chief Executive Officer. Corporate net assets include net borrowings and the net defined benefit pension liability as well as any assets and liabilities that cannot be allocated to a particular channel other than on an arbitrary basis.

Capital additions in the above table are stated on an accruals basis.

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

	Revenues		Non-current assets	
	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m	**30 December 2014 £m**	31 December 2013 £m
United Kingdom	**1,322.4**	1,263.4	**1,454.2**	1,396.9
Rest of the World	**286.9**	223.1	**644.2**	744.3
	1,609.3	1,486.5	**2,098.4**	2,141.2

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).

The reconciliation of segment assets/(liabilities) to the Consolidated Statement of Financial Position is as follows:

	Assets		Liabilities	
	30 December 2014 £m	31 December 2013 £m	**30 December 2014 £m**	31 December 2013 £m
Total segment assets/(liabilities)	**2,367.7**	2,395.3	**(1,041.9)**	(1,204.4)
Corporation tax liabilities	**–**	–	**(44.0)**	(37.6)
Deferred tax assets/(liabilities)	**12.9**	18.6	**(134.4)**	(148.6)
Total assets/(liabilities)	**2,380.6**	2,413.9	**(1,220.3)**	(1,390.6)

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 before tax are as follows:

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Operating		
Portfolio shop closures[1]	(19.4)	–
tomwaterhouse.com acquisition and integration costs[2]	(3.3)	(2.0)
Revaluation of tom.waterhouse.com contingent consideration[3]	(2.2)	–
Australian management restructuring[4]	(1.8)	–
VAT repayment[5]	(0.5)	(5.6)
Indirect taxation[6]	(9.7)	–
Accelerated brand amortisation[7]	(44.5)	–
Sportingbet acquisition and integration costs	–	(13.5)
	(81.4)	(21.1)
Non-operating		
Costs in respect of refinancing[8]	(2.0)	(1.7)
	(2.0)	(1.7)
Total exceptional items before tax	(83.4)	(22.8)

Within the tax line, we present both exceptional tax items and the tax impact of exceptional items before tax, comprising the following:

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Tax credit in respect of portfolio shop closures[1]	3.7	–
Tax credit in respect of tomwaterhouse.com acquisition and integration costs[2]	1.0	–
Tax credit in respect of Australian management restructuring[4]	0.5	–
Tax credit in respect of VAT repayment[5]	0.1	1.3
Tax credit in respect of indirect taxation[6]	1.0	–
Tax credit in respect of accelerated brand amortisation[7]	13.4	–
Tax credit in respect of refinancing costs[8]	0.4	0.4
Release of historic corporation tax provisions[9]	15.4	–
	35.5	1.7

1 As a result of HM Treasury's announcement in March 2014 of an increase in Machine Games Duty from 1 March 2015, the Group conducted a review of shop profitability and identified a portfolio of shops for closure. The Group closed 108 shops as part of this exercise during the year and has made provisions for onerous lease contracts and other costs of closure. A further 14 shops were closed during the year in the normal course of business and their costs are not included in this item.

2 On 12 August 2013, the Group acquired tomwaterhouse.com. Costs relating to the acquisition and integration of tomwaterhouse.com into William Hill Australia were charged as exceptional items.

3 Under the terms of the purchase of tomwaterhouse.com, a contingent earn-out payment was payable to the vendors, calculated with reference to the 2015 operating profits of tomwaterhouse.com. This earn-out was accounted for as a derivative liability with an initial fair value estimated at A$1.0m. The fair value was reassessed at 1 July 2014 to A$5.0m and changes in fair value were charged as an exceptional item. The earn-out was settled in the second half of 2014 for a cash value of A$5.0m.

4 During the period, the management team of William Hill Australia was restructured. The costs of the associated staff changes were charged as exceptional items given their scale.

5 During 2013, HM Revenue and Customs was successful in appealing against a 2010 court ruling, on the basis of which the Group had received a refund of VAT on the Group's gaming machines. The Group provided for repayment of this refund in 2013 and this sum was paid in 2014, along with £0.5m of interest which was not previously expected to be payable. Both the 2013 provision and the 2014 interest component are presented as an exceptional item, as was the original refund.

6 The Group has begun to provide for certain indirect taxes that it now expects to pay. The retrospective element has been presented as exceptional in light of the material scale and one-off nature of the charge.

7 William Hill Australia has begun a process to rebrand its operations to William Hill and, accordingly, accelerated the amortisation of relevant brand assets. The incremental amortisation charge resulting from this change has been presented as an exceptional item, given its material scale.

8 In June 2014, the Group entered into a £540m revolving credit facility, replacing the existing revolving credit facility. The remaining balance of finance fees on the terminated facility, which were being expensed over the life of the replaced facility, was charged as an exceptional item.

9 During 2014, the Group released certain historical provisions for corporation tax, following resolution of discussions with a tax authority. This release has been presented as an exceptional item.

4. Share of results of associates

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Share of profit after taxation in associated undertakings	**1.0**	3.4

The above represents the Group's share of the profit of Satellite Information Services (Holdings) Limited, 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 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Net foreign exchange losses	**1.4**	1.1
Gain on disposal of property, plant and equipment and investment properties	**(1.4)**	(0.4)
Staff costs (note 6)	**349.3**	327.1
Depreciation of property, plant and equipment (note 13)	**33.5**	34.3
Amortisation of intangible assets (note 12)	**85.8**	31.9

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

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Audit fees		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**0.3**	0.3
Audit-related assurance services	**–**	0.1
The audit of the Company's subsidiaries, pursuant to legislation	**0.2**	0.2
	0.5	0.6
Non-audit fees		
Tax advisory services	**0.2**	0.3
Reimbursement of tax advisory fees earned in 2010	**–**	(0.5)
Corporate finance services	**–**	0.3
	0.2	0.1
Total fees payable to Deloitte LLP	**0.7**	0.7

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

The audit fees payable to Deloitte LLP are reviewed by the Audit and Risk Management Committee to ensure such fees are competitive. The Audit and Risk Management 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 during the year and are presented net of VAT and other sales taxes.

6. Staff costs

The average monthly number of persons employed, including directors, during the period was 16,078 (52 weeks ended 31 December 2013: 17,089), 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 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Wages and salaries	304.8	280.9
Social security costs	23.0	21.4
Share-based remuneration (inclusive of provisions for social security)	8.5	12.8
Other pension net costs (note 31)	13.0	12.0
	349.3	327.1
Remeasurement (gain)/loss in defined benefit scheme (note 31)	(36.4)	3.8
Total staff costs	312.9	330.9

The £36.4m relating to remeasurement gains (52 weeks ended 31 December 2013: £3.8m loss) has been recognised in other comprehensive income. The remainder of staff costs above were charged to the income statement.

7. Investment income

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Interest on bank deposits	1.0	1.1

8. Finance costs

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Interest payable and similar charges:		
Bank loans, bonds and overdrafts	43.7	41.0
Amortisation of finance costs	2.6	3.7
Net interest payable	46.3	44.7
Interest on net pension scheme assets or liabilities (note 31)	0.6	0.7
	46.9	45.4

The above does not include exceptional finance costs as described in note 3.

9. Tax on profit on ordinary activities

The tax charge comprises:

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Current tax:		
UK corporation tax	**39.8**	48.9
Overseas tax	**16.9**	5.2
Adjustment in respect of prior periods	**(15.6)**	0.3
Total current tax charge	**41.1**	54.4
Deferred tax:		
Origination and reversal of temporary differences	**(12.8)**	(4.2)
Impact from changes in statutory tax rates	**–**	(18.8)
Adjustment in respect of prior periods	**(0.7)**	(0.9)
Total deferred tax credit	**(13.5)**	(23.9)
Total tax on profit on ordinary activities	**27.6**	30.5

The effective tax rate in respect of ordinary activities before exceptional items was 19.9% (52 weeks ended 31 December 2013: 11.5%). The effective tax rate in respect of ordinary activities after exceptional items was 11.8% (52 weeks ended 31 December 2013: 11.9%). The current period's charge excluding exceptional items was lower than the UK statutory rate of 21.5% mainly due to lower effective tax rates on overseas profits. The difference between the total 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 30 December 2014		52 weeks ended 31 December 2013	
	£m	%	£m	%
Profit before tax	**233.9**		257.0	
Tax on Group profit at standard UK corporation tax rate of 21.5% (2013: 23.25%)	**50.3**	**21.5**	59.8	23.3
Impact of changes in statutory tax rates	**–**	**–**	(18.8)	(7.4)
Different tax rates in overseas territories	**(10.2)**	**(4.3)**	(12.9)	(5.0)
Tax on share of results of associates	**(0.2)**	**(0.1)**	(0.8)	(0.3)
Adjustment in respect of prior periods	**(16.3)**	**(7.0)**	(0.6)	(0.2)
Permanent differences – non-deductible expenditure	**4.0**	**1.7**	3.8	1.5
Total tax charge	**27.6**	**11.8**	30.5	11.9

William Hill plc pays taxes 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.

There are no material unrecognised deferred tax assets.

10. Dividends proposed and paid

	52 weeks ended 30 December 2014 Per share	52 weeks ended 31 December 2013 Per share	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Equity shares:				
– current period interim dividend paid	**4.0p**	3.7p	**35.1**	32.1
– prior period final dividend paid	**7.9p**	7.2p	**68.9**	55.0
	11.9p	10.9p	**104.0**	87.1
Proposed final dividend	**8.2p**	7.9p	**72.3**	69.1

The proposed final dividend of 8.2p will, subject to shareholder approval, be paid on 5 June 2015 to all shareholders on the register on 1 May 2015. In line with the requirements of IAS 10 – 'Events after the Reporting Period', this dividend has not been recognised within these results. The Group estimates that approximately 882 million shares will qualify for the final dividend.

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 are given in note 26.

11. Earnings per share

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

	52 weeks ended 30 December 2014			52 weeks ended 31 December 2013		
	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)	**206.3**	**–**	**206.3**	211.2	–	211.2
Exceptional items (note 3) (£m)	**83.4**	**–**	**83.4**	22.8	–	22.8
Exceptional items – tax credit (note 3) (£m)	**(35.5)**	**–**	**(35.5)**	(1.7)	–	(1.7)
Amortisation of intangibles (net of tax) (£m)	**6.6**	**–**	**6.6**	9.2	–	9.2
Adjusted profit after tax for the financial period (£m)	**260.8**	**–**	**260.8**	241.5	–	241.5
Weighted average number of shares (million)	**873.2**	**8.2**	**881.4**	838.3	15.3	853.6
Earnings per share (pence)	**23.6**	**(0.2)**	**23.4**	25.2	(0.5)	24.7
Amortisation adjustment (pence)	**0.8**	**–**	**0.8**	1.1	–	1.1
Exceptional adjustment (pence)	**5.5**	**(0.1)**	**5.4**	2.5	–	2.5
Earnings per share – adjusted (pence)	**29.9**	**(0.3)**	**29.6**	28.8	(0.5)	28.3

An adjusted earnings per share, based on profit for the period before exceptional items and before the amortisation of specific intangible assets arising on acquisitions, 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. The effect of this was to reduce the average number of shares by 0.3 million in the 52 weeks ended 30 December 2014 (52 weeks ended 31 December 2013: 0.8 million).

12. Intangible assets

	Goodwill £m	Licence value £m	Brands, trade names and customer relationships £m	Acquired technology platforms £m	Computer software £m	Total £m
Cost:						
At 1 January 2013	932.0	484.6	32.5	2.9	104.3	1,556.3
Acquisitions	353.9	–	166.7	7.6	0.4	528.6
Additions	–	–	–	–	35.0	35.0
Effect of foreign exchange rates	(73.6)	–	(34.8)	(1.9)	–	(110.3)
At 31 December 2013	1,212.3	484.6	164.4	8.6	139.7	2,009.6
Additions	–	–	–	–	42.1	42.1
Transferred from property, plant and equipment	–	–	–	–	13.2	13.2
Disposals	(0.3)	(0.3)	–	–	–	(0.6)
Effect of foreign exchange rates	(5.0)	–	(2.2)	–	(0.2)	(7.4)
At 30 December 2014	**1,207.0**	**484.3**	**162.2**	**8.6**	**194.8**	**2,056.9**
Accumulated amortisation:						
At 1 January 2013	41.6	–	17.2	0.5	63.6	122.9
Charge for the period	–	–	9.2	1.7	21.0	31.9
At 31 December 2013	41.6	–	26.4	2.2	84.6	154.8
Charge for the period	–	–	52.7	2.8	30.3	85.8
At 30 December 2014	**41.6**	**–**	**79.1**	**5.0**	**114.9**	**240.6**
Net book value:						
At 30 December 2014	**1,165.4**	**484.3**	**83.1**	**3.6**	**79.9**	**1,816.3**
At 31 December 2013	1,170.7	484.6	138.0	6.4	55.1	1,854.8

12. Intangible assets

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 assets 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 owing 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.

Acquired technology platforms include bookmaking-related software platforms and systems recognised at fair value in business combinations. There are no individually material items within this category.

Brands, trade names and customer relationships

This category of assets includes brands, trade names and customer relationships recognised in business combinations. These include the following significant items:

(i) US assets
In 2012, the Group acquired three US businesses. Brands and customer relationships of £13.1m were recognised and are being amortised over lives of between three and ten years.

(ii) Sportingbet assets
In March 2013, the Group acquired businesses and assets from the Sportingbet group, including operations under the Centrebet brand. Brand and customer relationship assets were recognised of £163.1m. These assets are being amortised over lives ranging between two and 12 years. Following the decision to rebrand the operations of William Hill Australia, the UELs of certain assets have been revised, including one asset which had previously been allocated an indefinite life. There are no longer any assets with an indefinite life arising from this acquisition.

(iii) tomwaterhouse.com assets
The Group acquired tomwaterhouse.com in August 2013. An identifiable brand of £3.6m was recognised and is being amortised over three years.

Impairment reviews

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. The most recent test was conducted at 30 December 2014. Testing is carried out by allocating the carrying value of these assets to cash generating units (CGUs) and determining the recoverable amounts of those CGUs through value in use calculations. Where the recoverable amount exceeds the carrying value of the assets, the assets are considered as not impaired.

Value in use calculations are based upon estimates of future cash flows derived from the Group's long range operating profit forecasts by division. Operating profit forecasts are derived from the Group's annual strategic planning or similarly scoped exercise. These are high level forecasts, looking four years ahead, with separate extrapolation of net revenue and expense by division based on a combination of recently observable trends, management expectations and known future events. For the purposes of the value in use calculation, the long range operating forecast is extended to cover a five year period and year one of the long range operating profit forecast is replaced immediately prior to use if an annual budget for that year has been subsequently approved. This is done to ensure that year one of the test reflects the latest detailed planning for that period. The implications, if any, of a materially different operating profit outcome for annual budget versus the relevant year of the long range forecast are also considered at that point. Cash flows beyond that five year period are extrapolated using long-term growth rates as estimated for each CGU separately, which do not exceed expectations of long-term growth in the local market. Both the following year's budget and the long range operating profit forecasts are approved by management.

Discount rates are applied to each CGU's cash flows that reflect both the time value of money and the risks that apply to the cash flows of that CGU. These are estimated by management on the basis of typical debt and equity costs for listed gaming and betting companies, with samples chosen where applicable from the same markets or territories as the CGU. Further risk premia and discounts are applied, if appropriate, to this rate to reflect the risk profile of the specific CGU relative to the market in which it operates. Our discount rates are calculated on a pre-tax basis and the calculations incorporate estimates of the tax rates that will apply to the future cash flows of the applicable CGU.

12. Intangible assets

The principal assumptions underlying our cash flow forecasts are as follows:

1. We assume that the underlying business model will continue to operate on a comparable basis, as adjusted for key sporting events, expected regulatory or tax changes and planned business initiatives.
2. Our forecasts anticipate the continuation of recent growth or decline trends in staking, gaming net revenues and expenses, as adjusted for changes in our business model or expected changes in the wider industry or economy.
3. We assume that we will achieve our target sports betting gross win margins as set for each territory, which we base upon our experience of the outturn of sports results over the long term, given the tendency for sports results to vary in the short term but revert to a norm over a longer term.
4. In our annual budget process, expenses incorporate a bottom-up estimation of our cost base. For employee remuneration, this takes into account staffing numbers and models by division, while other costs are assessed separately by category, with principal assumptions including an extrapolation of recent cost inflation trends and the expectation that we will incur costs in line with agreed contractual rates.

The other significant assumptions incorporated into our impairment reviews are those relating to discount rates and long-term growth assumptions, as noted below separately for each CGU.

CGUs

Cash generating unit	Discount rate %	Long-term growth rate %
Retail	9.8	2.6
Online	8.7	2.6
Stadia	9.8	2.6
US	12.6	3.0
Australia	10.2	2.9

No impairment was identified in any of the CGUs tested.

The Retail CGU is defined as the Retail segment, which we describe in note 2. The CGU holds goodwill of £680.7m and other intangibles with indefinite lives of £484.3m.

The Online CGU is defined as the Online segment, which we describe in note 2, and holds goodwill of £183.9m.

The Stadia CGU is defined as the combined assets and operations of the two greyhound stadia operated by the business, which are included within the Other segment as described in note 2. Goodwill allocated to this CGU is £7.1m.

The US CGU is defined as the US segment, which we describe in note 2. Goodwill at the balance sheet date was valued at £19.3m.

The Australia CGU is defined as the Australia segment as described in note 2. This CGU includes goodwill of £274.4m at the balance sheet date. Previously, impairment reviews of Australian assets were based upon smaller aggregations of assets within Australia. However, the increasing integration of Australian operations has led the directors to conclude that the CGU supporting Australian goodwill comprises the Australia segment.

Sensitivity of impairment reviews

For CGUs reviewed at December 2014, no impairment would occur under any reasonably possible changes in assumptions upon which the recoverable amount was estimated.

13. Property, plant and equipment

	Land and buildings £m	Fixtures, fittings and equipment £m	Total £m
Cost:			
At 1 January 2013	347.5	107.8	455.3
Acquisitions	–	4.7	4.7
Additions	37.5	16.0	53.5
Disposals	(7.5)	(0.1)	(7.6)
Effect of foreign exchange rates	–	(1.0)	(1.0)
At 31 December 2013	377.5	127.4	504.9
Additions	21.7	6.5	28.2
Disposals	(12.7)	(0.6)	(13.3)
Transferred to intangible assets	–	(13.2)	(13.2)
Effect of foreign exchange rates	–	0.4	0.4
At 30 December 2014	**386.5**	**120.5**	**507.0**
Accumulated depreciation:			
At 1 January 2013	156.3	71.3	227.6
Charge for the period	24.3	10.0	34.3
Disposals	(6.0)	(0.2)	(6.2)
At 31 December 2013	174.6	81.1	255.7
Charge for the period	24.5	9.0	33.5
Disposals	(7.4)	(0.2)	(7.6)
At 30 December 2014	**191.7**	**89.9**	**281.6**
Net book value:			
At 30 December 2014	**194.8**	**30.6**	**225.4**
At 31 December 2013	202.9	46.3	249.2

The net book value of land and buildings comprises:

	30 December 2014 £m	31 December 2013 £m
Freehold	**40.0**	40.0
Long leasehold	**9.8**	7.6
Short leasehold	**145.0**	155.3
	194.8	202.9

Of the total net book value of land and buildings, £4.8m (31 December 2013: £4.0m) relates to administrative buildings and the remainder represents LBOs in the UK and betting locations in Nevada. The cost of assets on which depreciation is not provided amounts to £5.4m, representing freehold land (31 December 2013: £5.5m).

There are no assets within property, plant and equipment held under finance leases at 30 December 2014 or 31 December 2013.

At 30 December 2014, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £3.0m (31 December 2013: £4.0m).

14. Subsidiaries

The principal subsidiaries of the Company, their country of incorporation, the 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
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
American Wagering, Inc.	USA	100%	Holding company
William Hill Nevada I	USA	100%	Retail and mobile betting
Brandywine Bookmaking, LLC	USA	100%	Retail betting
William Hill Nevada II	USA	100%	Retail betting
Computerized Bookmaking Systems, Inc.	USA	100%	Bookmaking software sales
William Hill Australia Trading Pty Limited	Australia	100%	Online and telephone betting
Centrebet International Limited	Australia	100%	Online and telephone betting
Tom Waterhouse N.T. Pty Limited	Australia	100%	Online and telephone betting
WHG Trading Limited	Gibraltar	100%	Online betting and gaming
WHG (International) Limited	Gibraltar	100%	Online betting and gaming
WHG Spain PLC	Gibraltar	100%	Online betting and gaming
William Hill (Malta) Limited	Malta	100%	Online betting and gaming
WHG Services (Bulgaria) EOOD	Bulgaria	100%	Customer services
Cellpoint Investments Limited	Cyprus	100%	Holding company
Ad-gency Limited	Israel	100%	Marketing services

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

15. Interests in associate

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.

	£m
At 1 January 2014	14.0
Share of profit before interest and taxation	2.0
Share of interest	(0.2)
Share of taxation	(0.8)
Dividend received	(1.0)
At 30 December 2014	**14.0**

At 30 December 2014, William Hill Organization Limited, a principal subsidiary of the Company, held an investment of 19.5% (31 December 2013: 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 its 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 horse racing, greyhound racing and other sporting activities and events via satellite. The statutory financial statements of SIS are prepared to the year ending 31 March. The consolidated figures above are based on statutory accounts to March 2014 and management accounts thereafter.

15. Interests in associate

The following financial information relates to SIS:

	30 December 2014 £m	31 December 2013 £m
Total assets	**141.2**	137.0
Total liabilities	**(69.0)**	(65.0)
Total revenue	**250.2**	284.5
Total profit after tax	**5.2**	17.5

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.

16. Inventories

	30 December 2014 £m	31 December 2013 £m
Raw materials, consumables and bar stocks	**0.1**	0.2

17. Other current assets

Trade and other receivables

Trade and other receivables comprise:

	30 December 2014 £m	31 December 2013 £m
Trade receivables	**9.4**	7.7
Other receivables	**7.7**	12.8
Prepayments	**38.2**	35.9
	55.3	56.4

Trade receivables are stated at their gross receivable 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 and the Group holds provisions for bad or doubtful debt of £5.2m as at 30 December 2014 (31 December 2013: £5.5m).

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. In total the Group has £222.1m in cash and cash equivalents (31 December 2013: £206.7m). The carrying amount of these assets approximates their fair value. These amounts include £70.4m of client funds in the Online business that are matched by liabilities of an equal value (31 December 2013: £68.3m), £6.4m of restricted funds in the US business (31 December 2013: £5.1m) that cannot be withdrawn without approval from the local regulator and which match or exceed betting and customer liabilities (including £2.5m of client funds (31 December 2013: £1.8m)) and £16.8m of client funds in the Australian business that are matched by equal liabilities (31 December 2013: £17.5m).

18. Investment property

The Group owns five residential investment properties in Guernsey, all of which are classified as held for sale at 30 December 2014. These assets are presented within current assets. The properties were previously classified as held for sale at 31 December 2013 and three properties were sold in the period for a total of £4.1m.

The properties are held at a fair value of £4.7m (31 December 2013: £9.4m), based upon estimates of current market prices advised by independent estate agents at 30 December 2014. Fair value movements during the period of £0.5m have been charged to profit (52 weeks ending 31 December 2013: £1.4m).

During the period, rental income on these properties amounted to £0.1m (52 weeks ending 31 December 2013: £0.2m). The properties and the income generated by them are included within the Corporate segment as described in note 2.

19. Trade and other payables

Trade and other payables comprise:

	30 December 2014 £m	31 December 2013 £m
Trade payables	**109.9**	113.8
Other payables	**7.7**	9.5
Taxation and social security	**60.6**	55.7
Accruals and provisions	**136.4**	99.7
	314.6	278.7

The average credit period taken for trade purchases is ten days (period ended 31 December 2013: ten days).

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

Included in trade payables is an amount of £89.7m (31 December 2013: £87.6m) in respect of amounts due to clients, representing deposits received and customer winnings. This is offset by an equivalent or greater amount of client funds held, which is included in cash and cash equivalents.

Included in accruals and provisions are provisions of £14.7m in respect of vacant property, being primarily LBOs that have ceased to trade.

20. Borrowings

	30 December 2014 £m	31 December 2013 £m
Borrowings at amortised cost		
Bank loans	**50.0**	230.0
Less: expenses relating to bank loans	**(3.8)**	(2.5)
£300m 7.125% Guaranteed Notes due 2016	**300.0**	300.0
Less: discount on £300m 7.125% Guaranteed Notes due 2016 issued for £297.9m	**(0.7)**	(1.0)
Less: expenses relating to £300m 7.125% Guaranteed Notes due 2016	**(1.3)**	(1.9)
£375m 4.25% Guaranteed Notes due 2020	**375.0**	375.0
Less: expenses relating to £375m 4.25% Guaranteed Notes due 2020	**(3.1)**	(3.7)
Total Borrowings	**716.1**	895.9
Less: amount shown as due for settlement in 12 months	**–**	–
Amount shown as due for settlement after 12 months	**716.1**	895.9

The gross borrowings are repayable as follows:		
Amounts due for settlement within one year	**–**	–
In the second year	**300.0**	230.0
In the third to fifth years inclusive	**50.0**	300.0
After more than five years	**375.0**	375.0
	725.0	905.0

Bank facilities

As at 30 December 2014, the Group had the following bank facilities:

1. A committed revolving credit bank loan facility (RCF) of £540m provided by a syndicate of banks which expires in May 2019. At the period-end, £50m of this facility was drawn down (31 December 2013: £230m).
2. An overdraft facility of £5m, of which £nil was drawn down at the period-end (31 December 2013: £nil).

During the period, the Group repaid and cancelled the Revolving Credit Facility of £550m that was due to expire in 2015. The remaining unamortised finance fees on this facility have been charged as an exceptional item as described in note 3.

20. Borrowings

£540m Revolving Credit Facility

Borrowings under the RCF are unsecured but are guaranteed by the Company and certain of its operating subsidiaries.

Borrowings under the Facility incur interest at LIBOR plus a margin of between 1.25% and 2.50%, determined by the Group's consolidated net debt to EBITDA ratio as defined in the loan agreement. A utilisation fee is payable if more than a certain percentage of the loan is drawn. A commitment fee, equivalent to 40% of the margin, is also payable in respect of available but undrawn borrowings under the RCF.

Upfront participation and arrangement fees plus associated costs incurred in arranging the RCF have been capitalised and offset against the loan in the Consolidated Statement of Financial Position and are being amortised on a straight line basis over the life of the Facility.

Overdraft facility

At 30 December 2014, the Group had an overdraft facility with National Westminster Bank plc of £5m (31 December 2013: £5m). The balance on this facility at 30 December 2014 was £nil (31 December 2013: £nil).

Corporate bonds

(i) £300m 7.125% Guaranteed Notes due 2016

As part of its strategy to diversify its funds and strengthen its balance sheet, the Company issued £300m of corporate bonds to investors in 2009. These bonds mature in November 2016 and are guaranteed by the Company and certain of its operating subsidiaries. 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%.

(ii) £375m 4.25% Guaranteed Notes due 2020

In June 2013, the Group issued £375m of corporate bonds and used the net proceeds to repay £275m borrowed under a Term Loan Facility used to part fund the acquisition of Sportingbet plc's Australian business and Playtech's stake in Online, with the remainder of the bond used to reduce outstanding amounts under the Group's RCF. The bonds, which are guaranteed by the Company and certain of its operating subsidiaries, bear a coupon rate of 4.25% and are due for redemption in June 2020.

Finance fees and associated costs incurred on both issues of bonds, together with the discount on the 2009 issue, have been capitalised in the Consolidated Statement of Financial Position and are being amortised over the life of the respective bonds using the effective interest rate method.

Weighted average interest rates

The weighted average interest rates paid, including commitment fees, were as follows:

	52 weeks ended 30 December 2014 %	52 weeks ended 31 December 2013 %
Bonds	**5.6%**	5.9%
Bank loans	**4.7%**	3.5%
Bank loans including hedging arrangements	**4.7%**	3.5%

Fair value of loans and facilities

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

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 £322.8m.

The Company's £375m 4.25% Guaranteed Notes due 2020 are listed on the London Stock Exchange and at the period end date their fair value was £368.4m.

21. Financial risk management

The Group's activities expose it to a variety of financial risks. Financial risk management is primarily carried out by the Group Treasurer under risk management policies approved by the Board of directors and supervised by the Group Finance Director. The Board provides written principles for risk management, as described in the Strategic Report on page 44. 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 generates strong operating cash flows and the Group aims to maintain sufficient cash balances to meet its anticipated working capital requirements based on 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 RCF. The Group maintains adequate committed but undrawn facilities to meet such requirements. Details of the Group's borrowing arrangements are provided in note 20.

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 in respect of the floating rate liabilities are estimated based on the one month sterling LIBOR rate at the period end date.

	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	More than 5 years £m	Total £m
30 December 2014					
2020 bond including interest	**15.9**	**15.9**	**47.8**	**382.3**	**461.9**
2016 bond including interest	**21.4**	**319.6**	**–**	**–**	**341.0**
Bank loans including interest[1]	**3.3**	**3.3**	**58.0**	**–**	**64.6**
Other financial liabilities	**233.4**	**–**	**–**	**–**	**233.4**
Total	**274.0**	**338.8**	**105.8**	**382.3**	**1,100.9**

	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	More than 5 years £m	Total £m
31 December 2013					
2020 bond including interest	15.9	15.9	47.8	398.2	477.8
2016 bond including interest	21.4	21.4	319.6	–	362.4
Bank loans including interest[1]	9.2	238.4	–	–	247.6
Other financial liabilities	216.6	–	–	–	216.6
Total	263.1	275.7	367.4	398.2	1,304.4

1 Bank loan interest includes commitment fees payable on the undrawn portion of the RCF.

Capital management and financing risk

The Group seeks to maintain an appropriate capital structure which enables it to continue as a going concern, supports its business strategy and takes into account the wider economic environment. The Group's capital comprises equity and debt finance and these elements are managed to balance the requirements of the business and the interests of shareholders and debt stakeholders. The Group manages its capital structure through cash flows from operations, returns to shareholders primarily in the form of dividends, the raising or repayment of debt and the raising of equity capital from investors.

Financing risk is the risk that the Group is unable to access sufficient finance to refinance its debt obligations as they fall due. The Group manages this 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.

21. Financial risk management

Net debt to EBITDA* ratio

The Group assesses its debt capital structure primarily through use of the net debt to EBITDA* ratio. As one of the financial covenants under its bank loan facility, the Group must ensure that its net debt to rolling 12-month EBITDA* does not exceed 3.5 times. Based on current forecasts, the Group expects to operate within these covenant limits throughout the lifetime of the facility.

The net debt to EBITDA ratio was:

	30 December 2014 £m	31 December 2013 £m
Nominal value of bank loans	**50.0**	230.0
Nominal value of corporate bonds	**675.0**	675.0
Counter indemnity obligations under bank guarantees	**3.2**	3.1
Cash (excluding customer balances and other restricted cash)	**(125.4)**	(112.1)
Net debt for covenant purposes	**602.8**	796.0
EBITDA for covenant purposes	**445.4**	402.4
Net debt to EBITDA ratio	**1.4**	2.0

* For the purposes of bank loan covenants, EBITDA is calculated as pre-exceptional profit before depreciation, amortisation, interest, tax and share-based payment charges less, for the periods applicable within the prior period, EBITDA attributable to the non-controlling interest in Online. This calculation incorporates annualised profit measures for businesses that have not been owned for a full 12 month period.

Credit risk

The Group is exposed to credit risk from counterparties defaulting on their obligations resulting in financial loss to the Group. It arises in relation to transactions with commercial counterparties and to transactions with 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 financial counterparty credit risk by limiting or otherwise closely monitoring 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 or which meet specified criteria. The Group's policy is to mitigate its credit risk with respect to derivative transactions by using a number of different counterparties for material transactions. As at 30 December 2014, the Group had only entered into immaterial derivative contracts for currency hedging purposes.

Interest rate risk

Interest rate risk arises primarily from the Group's borrowings. The Group has a policy which aims to maintain a balance between fixed and floating rate debt exposures appropriate to the expected performance of the business, the Group's debt burden and the wider economic environment. The Board has approved a fixed interest rate exposure target range of between 50% and 75% but with substantial flexibility around this range to allow for changing circumstances. At 30 December 2014, approximately 93% of the Group's gross borrowings were at fixed rates and 7% were at floating rates.

Based on the current level of borrowings, 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	1.9	(0.7)
Increase/(decrease) in equity reserves	1.9	(0.7)

Currency risk

The Group is exposed to foreign exchange transaction risk through transactions undertaken in foreign currencies. The Group's policy is to hedge transaction exposures on a case by case basis, depending on materiality, at a Group or subsidiary operating level. Current levels of transaction exposure are not considered to be material, although the Online division has hedged a proportion of its exposure to the Israeli Shekel costs of its operations in Israel using currency forward transactions as described in note 23.

The Group's reporting currency is pounds sterling and it is therefore also exposed to translation risk from its business in Australia operating in Australian dollars and its business in the US operating in US dollars. The Group does not hedge accounting translation exposures and accepts the economic risks of operating internationally.

21. Financial risk management

Revenue by currency

Revenue by currency is analysed below.

	52 weeks ended 30 December 2014 %	52 weeks ended 31 December 2013 %
Sterling	**82.5**	85.0
Australian dollar	**7.6**	5.9
Euro	**5.6**	5.1
Other currencies	**4.3**	4.0
Total	**100.0**	100.0

Pensions risk

The Group operates defined benefit and defined contribution pension schemes for its employees. Pensions risk arises in respect of the defined benefit scheme where the cost of funding retirement benefits ultimately falls upon the Group. The last triennial actuarial valuation as at 30 September 2013 showed a funding deficit on the defined benefit scheme of £47.4m. The Group has agreed to make deficit repair contributions of c£9.4m per annum until May 2019. In addition it contributes £1.9m per annum towards the cost of insured death benefits and other administrative expenses of running the scheme.

The Group seeks to manage the cash flow impact arising from pensions risk. Accordingly, the defined benefit scheme was closed to new entrants in 2002 and was restricted as to future accrual from April 2011. 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, the investment strategy to be followed and any cash contributions to be made by the Group.

22. Financial instruments

The carrying value of the Group's financial instruments by category, as defined by IAS 39, (together with non-financial instruments for reconciling purposes) is analysed as follows:

	30 December 2014 £m	31 December 2013 £m
Loans and receivables		
Investments in associates	**14.0**	14.0
Cash and cash equivalents	**222.1**	206.7
Receivables	**19.4**	25.1
Total financial assets	**255.5**	245.8
Non-financial assets	**2,125.1**	2,168.1
Total assets	**2,380.6**	2,413.9
Fair Value through the Income Statement		
Held for trading (ante post bets and forward currency contracts)	**(11.2)**	(12.3)
Liabilities at amortised cost		
Borrowings	**(716.1)**	(895.9)
Trade and other payables	**(222.2)**	(216.6)
Total financial liabilities	**(949.5)**	(1,124.8)
Non-financial liabilities	**(270.8)**	(265.8)
Total liabilities	**(1,220.3)**	(1,390.6)
Net assets	**1,160.3**	1,023.3

22. Financial instruments

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

Fair value hierarchy

The hierarchy (as defined in IFRS 13) of the Group's financial instruments carried at fair value was as follows:

	30 December 2014				31 December 2013			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets/(liabilities) held at fair value								
Forward currency contracts	–	(0.2)	–	(0.2)	–	(0.2)	–	(0.2)
Contingent consideration	–	–	–	–	–	–	(0.5)	(0.5)
Ante post bet liabilities	–	–	(11.0)	(11.0)	–	–	(11.6)	(11.6)
Total	–	(0.2)	(11.0)	(11.2)	–	(0.2)	(12.1)	(12.3)

Ante post bet liabilities are valued using methods and inputs that are not based upon observable market data and all fair value 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. The principal assumptions relate to anticipated gross win margins on unsettled bets.

Forward currency contracts are classified as level 2 in the hierarchy, as their 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. As at 30 December 2014, the Group had forward contracts outstanding for a total of 80.0 million Israeli Shekels at an average GBP:ILS exchange rate of 1:5.96 with final expiry in December 2015 and forward contracts for a total of 17.4 million Philippine Pesos at an average GBP:PHP exchange rate of 1:71.9 with final expiry in January 2015, which combined are valued as a liability of £0.2m.

Contingent consideration liabilities are classified as level 3 in the hierarchy. These liabilities represented the present value of the cash outflows under earn-out agreements that would result from acquired businesses performing in line with management's current estimates. The key inputs into the fair value estimation included the forecast performance of the underlying business and the discount rate applied in deriving a present value from those forecasts. The contingent consideration was settled in the period.

A reconciliation of movements on level 3 instruments is provided in the table below.

	Contingent consideration £m	Ante post bet liabilities £m
At 1 January 2014	(0.5)	(11.6)
Total gains or losses:		
in profit or loss	(2.2)	(0.3)
in other comprehensive income	0.1	–
Net settlements	2.6	0.9
Transfers out of level 3	–	–
At 30 December 2014	–	(11.0)

23. Derivative financial instruments

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

Ante post bets

Ante post bets are a liability arising from an open position at the period end date in accordance with the Group's accounting policy for derivative financial instruments. Ante post bets at the period end totalled £11.0m (31 December 2013: £11.6m) and are classified as current liabilities.

Forward contracts

The Group normally enters into forward purchase contracts to hedge its cash flow exposure to Israeli Shekels and Philippine Pesos. Due to the disruption to its Philippine operations in 2014 the Group has not hedged its cash flow exposure to Philippine Pesos beyond January 2015. The fair value of forward foreign currency contracts at period end was a liability of £0.2m (31 December 2013: liability of £0.2m).

Contingent consideration on acquisition of tomwaterhouse.com

An element of the consideration on the acquisition of tomwaterhouse.com in the prior period was contingent upon future performance of the tomwaterhouse.com business. The consideration was settled in the current period (31 December 2013: the fair value of this liability was estimated at £0.5m).

24. Deferred tax

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

	At 1 January 2014 £m	Amount credited to reserves £m	Amount credited/ (charged) to income £m	Amount credited/ (charged) to Statement of Comprehensive Income £m	At 30 December 2014 £m
Fixed asset timing differences	(11.4)	–	3.7	–	**(7.7)**
Held over gains	(4.8)	–	0.8	–	**(4.0)**
Retirement benefit obligations	3.5	–	(1.7)	(7.3)	**(5.5)**
Licences and other intangibles	(132.4)	0.6	14.6	–	**(117.2)**
Other timing differences	2.8	–	1.8	–	**4.6**
Share remuneration	9.8	1.7	(5.3)	–	**6.2**
Tax losses	2.5	–	(0.4)	–	**2.1**
	(130.0)	2.3	13.5	(7.3)	**(121.5)**

The enacted future rate of UK corporation tax of 20% (52 weeks ended 31 December 2013: 20%), the Gibraltar statutory income tax rate of 10% (52 weeks ended 31 December 2013: 10%) and the Australian corporation tax rate of 30% (52 weeks ended 31 December 2013: 30%) 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 for financial reporting purposes:

	30 December 2014 £m	31 December 2013 £m
Deferred tax liabilities	**(134.4)**	(148.6)
Deferred tax assets	**12.9**	18.6
	(121.5)	(130.0)

25. Called-up share capital

	30 December 2014		31 December 2013	
	Number of shares	£m	Number of shares	£m
Called-up, allotted and fully paid – ordinary shares of 10p each:				
At start of period	**867,234,226**	**86.7**	705,853,439	70.6
Shares issued	**9,673,160**	**1.0**	161,380,787	16.1
At end of period	**876,907,386**	**87.7**	867,234,226	86.7

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

26. Own shares

	£m
At 1 January 2014	(3.8)
Purchase and issue of own shares	(5.8)
Transfer of own shares to recipients	8.5
At 30 December 2014	**(1.1)**

Own shares held comprise:

	30 December 2014			31 December 2013		
	Number of shares	Nominal value £m	Cost £m	Number of shares	Nominal value £m	Cost £m
William Hill Holdings Employee Benefit Trust (EBT)	**316,606**	**–**	**1.1**	843,732	0.1	3.8

The shares held in the William Hill Holdings EBT were purchased at a weighted average price of £3.49 (31 December 2013: £4.52).

27. Non-controlling Interest

The non-controlling interest related to the 29% share in Online owned by Playtech Limited (Playtech) during part of the prior period. The Group purchased Playtech's stake in the Online business during 2013.

28. Notes to the cash flow statement

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Profit before interest and tax, excluding exceptional items	**363.2**	324.1
Adjustments for:		
Share of result of associates	**(1.0)**	(3.4)
Depreciation of property, plant and equipment	**33.5**	34.3
Amortisation of intangibles	**85.8**	31.9
Gain on disposal of property, plant and equipment	**(1.5)**	(0.4)
Loss on disposal of investment properties	**0.1**	–
Cost charged in respect of share remuneration	**7.4**	8.9
Defined benefit pension cost less cash contributions	**(9.1)**	(8.1)
Fair value movements on investment property	**0.5**	1.4
Exceptional operating expense	**(79.1)**	(16.0)
Movement on financial derivatives	**(0.6)**	4.6
Operating cash flows before movements in working capital:	**399.2**	377.3
Decrease in inventories	**0.1**	–
Decrease/(increase) in receivables	**0.9**	(5.8)
Increase/(decrease) in payables	**46.1**	(6.7)
Cash generated by operations	**446.3**	364.8
Income taxes paid	**(34.5)**	(55.9)
Interest paid	**(43.6)**	(41.3)
Net cash from operating activities	**368.2**	267.6

29. Operating lease arrangements

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Minimum lease payments under operating leases recognised as an expense in the period:		
plant and machinery	**1.3**	1.0
other (including land and buildings)	**61.5**	60.9
	62.8	61.9

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:

	30 December 2014 £m	31 December 2013 £m
Within one year	**54.4**	51.8
In the second to fifth years inclusive	**194.4**	178.5
After five years	**209.8**	222.1
	458.6	452.4

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

30. 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:

- Performance Share Plan (PSP), William Hill Online Long Term Incentive Plan (William Hill Online LTIP), Executive Bonus Matching Scheme (EBMS) and Retention Awards (RA), encompassing awards made in the years from 2005 to 2014; and
- Save As You Earn (SAYE) share option schemes encompassing grants made in the years from 2009 to 2014.

Details of these schemes are provided on pages 68 to 82 in the Directors' Remuneration Report.

Costs of schemes

The costs of the schemes during the period, excluding provisions for social security, were:

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
PSP, William Hill Online LTIP, EBMS and RA	**6.3**	8.1
SAYE schemes	**1.1**	0.8
	7.4	8.9

PSP, William Hill Online LTIP, EBMS and RA

The PSP provides conditional awards of shares dependent on the Group's EPS growth, Total Shareholder Return (TSR) performance and certain business performance measures over a three or four-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 partly deferred shares conditional on continued employment of the individual at the date of vesting and partly share awards dependent on the Group's EPS growth as well as continued employment at the date of vesting. EBMS awards 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 options lapse.

The William Hill Online LTIP provided conditional awards that were dependent on profit achieved in Online; this plan has now been closed. Retention Awards are deferred grants of shares to members of the senior management team, contingent upon continued employment.

The PSP and EBMS are conditional awards of shares and the recipients do not have to pay an exercise price. The weighted average share price at the date of exercise for share awards exercised during the period was £3.60 (52 weeks ended 31 December 2013: £4.26).
The awards outstanding at 30 December 2014 had a remaining weighted average contractual life of 4.4 years (31 December 2013: 4.2 years).

30. Share-based payments

Options under these schemes are as follows:

	30 December 2014 Number	31 December 2013 Number
Outstanding at beginning of the period	**16,635,385**	15,587,389
Granted during the period	**3,746,408**	3,285,210
Rights issue uplift	**–**	869,801
Forfeited during the period	**(531,224)**	(416,865)
Exercised during the period	**(8,390,409)**	(2,690,150)
Outstanding at the end of the period	**11,460,160**	16,635,385
Exercisable at the end of the period	**33,522**	1,765,405

SAYE schemes

Options under the SAYE schemes, which are open to all eligible employees, are based on a two, three, or five 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.

The exercise prices for the 2009, 2010, 2011, 2012, 2013 and 2014 SAYE schemes were £1.29, £1.48, £1.40, £1.65, £3.12 and £2.73 respectively.

The weighted average share price at the date of exercise for share options exercised during the period was £3.45 (52 weeks ended 31 December 2013: £4.38). The options outstanding at 30 December 2014 had a remaining weighted average contractual life of 2.3 years (31 December 2013: 2.3 years).

Options under these schemes are as follows:

	30 December 2014		31 December 2013	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at beginning of the period	**7,432,090**	**1.97**	6,550,374	1.68
Granted during the period	**4,566,764**	**2.73**	2,323,901	3.13
Rights issue uplift	**–**	**–**	483,366	–
Forfeited during the period	**(1,391,976)**	**2.61**	(823,076)	2.23
Exercised during the period	**(1,925,606)**	**1.38**	(1,102,475)	1.58
Outstanding at the end of the period	**8,681,272**	**2.38**	7,432,090	1.97
Exercisable at the end of the period	**71,045**	**1.35**	86,916	1.78

Fair values of share-based payments

Share-based payments are valued using the Black-Scholes-Merton pricing formula. The inputs are as follows:

	SAYE		PSP, EBMS, William Hill Online LTIP, RA	
	30 December 2014	31 December 2013	30 December 2014	31 December 2013
Weighted average share price at date of grant	**£3.50**	£3.74	**£3.40**	£4.26
Weighted average exercise price	**£2.73**	£3.13	**£nil**	£nil
Expected volatility	**26%**	25%	**26%**	25%
Expected life	**2-5 years**	2-6 years	**2-4 years**	3 years
Risk free interest rate	**1.4%**	0.5%	**1.4%**	0.5%
Expected dividend yield	**3.0%**	3.3%	**3.0%**	3.3%

30. Share-based payments

Expected volatility was determined by calculating the historical volatility of the Group's shares over a period matching the option life. 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.

For PSP, EBMS and William Hill Online LTIP, 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 25% for the 52 weeks ended 30 December 2014 (52 weeks ended 31 December 2013: 25%).

The weighted average fair value of the awards granted under the PSP, EBMS, William Hill Online LTIP and RA schemes at the date of grant was £3.04 per option (31 December 2013: £3.03). The weighted average fair value of the options granted under SAYE grants at the date of grant was £0.87 per option (52 weeks ended 31 December 2013: £0.34).

31. Retirement benefit schemes

The Group operates a number of defined contribution and defined benefit pension schemes. The UK schemes are operated under a single trust and the assets of all the schemes are 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 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Defined contribution schemes (charged to profit before interest and tax)	**11.1**	9.8
Defined benefit scheme (charged to profit before interest and tax)	**1.9**	2.2
Defined benefit scheme (charged to finance costs)	**0.6**	0.7
Defined benefit scheme ((credited)/charged to other comprehensive income)	**(36.4)**	3.8
	(22.8)	16.5

Defined contribution schemes

The defined contribution schemes, 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 the schemes by the Group at rates specified in the rules of the respective schemes. At 30 December 2014, contributions of £1.3m (31 December 2013: £1.4m) 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. With effect from 1 April 2011, the defined benefit scheme was closed to future accrual but maintains the link for benefits accrued up to 31 March 2011 with future salary increases (up to a maximum of 5% per annum). Employed members of this scheme were automatically transferred into one of the defined contribution schemes. The costs of administering the scheme are borne by the Group.

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 pension rights. The Group expects to make deficit repair contributions of c£9.4m to the scheme during 2015 plus a £1.9m contribution towards the cost of life assurance and costs of running the scheme.

For the purposes of preparing the information disclosed in these accounts, a full actuarial valuation of the scheme was carried out at 30 September 2013 and updated to 30 December 2014 by a qualified independent actuary. The present values of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

Disclosure of principal assumptions

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

	30 December 2014	31 December 2013
Rate of increase of salaries	**3.10%**	4.40%
Rate of increase of pensions in payment	**3.00%**	3.30%
Discount rate	**3.80%**	4.70%
Rate of RPI inflation	**3.10%**	3.40%
Rate of CPI inflation	**2.20%**	2.60%

31. Retirement benefit schemes

In accordance with the relevant 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.

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

Life expectancy at age 65	30 December 2014	31 December 2013
Member currently aged 65	**22 years**	22 years
Member currently aged 40	**25 years**	25 years

The assets in the scheme are set out in the table below. Assets with quoted prices in an active market are identified separately.

	30 December 2014 £m	31 December 2013 £m
Equities (quoted)	**27.1**	72.8
Corporate bonds (quoted)	**73.7**	50.5
Corporate bonds (unquoted)	**28.9**	27.0
Property (unquoted)	**6.6**	5.9
Gilts and cash (quoted)	**203.1**	138.5
Gilts and cash (unquoted)	**28.6**	15.6
Total market value of assets	**368.0**	310.3
Present value of scheme liabilities	**(340.5)**	(327.8)
Surplus/(deficit) in scheme	**27.5**	(17.5)

The Group has recognised the scheme surplus as a non-current asset, to reflect that the Group has the right to recover this surplus.

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

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Current service cost	**1.0**	0.9
Administration expenses	**0.9**	1.3
Total operating charge	**1.9**	2.2

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

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Actual return less expected return on pension scheme assets	**(45.5)**	(3.0)
Experience gain arising on the scheme liabilities	**(14.6)**	–
Actuarial gain arising from changes in demographic assumptions	**(4.1)**	–
Actuarial loss arising from changes in financial assumptions	**27.8**	6.8
Actuarial remeasurements	**(36.4)**	3.8

31. Retirement benefit schemes

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

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
At beginning of period	**327.8**	317.0
Movement in period:		
Service cost	**1.0**	0.9
Interest cost	**15.1**	14.0
Remeasurements – changes in demographic and financial assumptions and experience adjustments	**9.0**	6.8
Benefits paid	**(11.4)**	(10.0)
Insurance premium for risk benefits	**(1.0)**	(0.9)
At end of period	**340.5**	327.8

Movements in the present value of fair value of scheme assets in the current period were as follows:

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
At beginning of period	**310.3**	295.9
Movement in period:		
Interest income on assets	**14.5**	13.3
Return on assets in excess of interest income	**45.5**	3.0
Contributions from the sponsoring companies	**11.0**	10.3
Administration expenses charged to profit before interest and tax	**(0.9)**	(1.3)
Benefits paid	**(11.4)**	(10.0)
Insurance premium for risk benefits	**(1.0)**	(0.9)
At end of period	**368.0**	310.3

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 25% p.a.	Increase of £16.6m
Rate of increase in inflation	Increase by 25% p.a.	Decrease of £15.6m
Life expectancy	Members assumed to live one year longer	Increase of £9.8m

If the change in assumptions were in the opposite direction to that shown above, the impact on the defined benefit liabilities would be of a similar magnitude, but 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 £368.0m and £340.5m respectively were held on the Group's Consolidated Statement of Financial Position as at 30 December 2014 (31 December 2013: £310.3m and £327.8m respectively). Through the scheme the Group is exposed to a number of potential risks as described below:

– Asset volatility: the scheme's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields; however, the scheme invests in equities. These assets are expected to outperform corporate bonds in the long term but provide volatility and risk in the short term.

– Changes in bond yields: the risk of a decrease in bond yields, which increases the value of the scheme liabilities, is partially offset by the upside benefit of an increase in the value of the scheme's bond holdings.

– Inflation risk: a significant proportion of the scheme's defined benefit obligation is linked to inflation and therefore higher inflation would result in a higher defined benefit obligation. The majority of the scheme's assets are either unaffected by inflation or only loosely correlated with inflation and therefore an increase in inflation would also increase the deficit.

– Life expectancy: if the scheme's members lived longer than expected, the scheme's benefits would need to be paid for longer, increasing the defined benefit obligation.

31. Retirement benefit schemes

The Trustees and the Company manage risks in the scheme through the following strategies:

– Diversification: investments are diversified to reduce the impact of the failure of any single investment on the overall level of assets.

– Investment strategy: the Trustees are required to review their investment strategy on a regular basis.

Alongside the risk assessment above, the Group has agreed a deficit recovery plan with the Trustees aimed at eliminating the deficit over the period to 2019.

The weighted average duration of the scheme's defined benefit obligation as at 30 December 2014 is 23 years (31 December 2013: 21 years).

There were no plan amendments, curtailments or settlements during the period.

32. 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 and its 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 £48.3m (52 weeks ended 31 December 2013: £42.5m) from Satellite Information Services Limited, a subsidiary of the Group's associated undertaking, SIS. At 30 December 2014 the amount receivable from Satellite Information Services Limited by the Group was £nil (31 December 2013: £nil).

Purchases were made at market price.

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 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Short-term employee benefits (including salaries)	**2.0**	1.9
Post-employment benefits (employer's contribution)	**0.2**	–
Share-based payments (IFRS 2 charges)	**1.3**	2.4
	3.5	4.3

The disclosures above include c£86,000 received by directors in respect of dividends on the Company's ordinary shares (period to 31 December 2013: c£60,000).

The values presented above include share-based payments measured in accordance with IFRS 2. This is a different basis from that used for the presentation in the Directors' Remuneration Report. Other than the inclusion of dividends and the basis of measurement of share-based payments, all values above are presented on a consistent basis with those disclosed in the Directors' Remuneration Report.

Pension schemes

The pension schemes of the Group are related parties. Arrangements between the Group and its pension schemes are disclosed in note 31.

33. Contingent liabilities

The Group has potential obligations in respect of legal action following the 2012 acquisition of businesses in Nevada, USA. The Group does not expect a material adverse outcome, but there can be no assurance that the results of this legal action will not have a material impact upon the Group's cash flows or results.

The value and timing of possible obligations in this regard are subject to a high degree of uncertainty and cannot be reliably measured. Accordingly, no amounts are provided.

PARENT COMPANY BALANCE SHEET

As at 30 December 2014

	Notes	30 December 2014 £m	31 December 2013 £m
Fixed assets			
Investments	4	**38.2**	38.2
		38.2	38.2
Current assets			
Debtors			
Due within one year	5	**2,916.7**	2,827.0
Due after more than one year	6	**2.3**	4.6
		2,919.0	2,831.6
Creditors: amounts falling due within one year	7	**(387.7)**	(232.9)
Net current assets		**2,531.3**	2,598.7
Total assets less current liabilities		**2,569.5**	2,636.9
Creditors: amounts falling due after more than one year	8	**(716.1)**	(895.9)
Net assets		**1,853.4**	1,741.0
Capital and reserves			
Called-up share capital	9,11	**87.7**	86.7
Premium on ordinary shares	10,11	**683.2**	680.7
Capital redemption reserve	11	**6.8**	6.8
Own shares held	11	**(1.1)**	(1.4)
Profit and loss account	11	**1,076.8**	968.2
Shareholders' funds	11, 12	**1,853.4**	1,741.0

The Parent Company financial statements of William Hill PLC, registered number 4212563, were approved by the Board of directors and authorised for issue on 27 February 2015 and are signed on its behalf by:

J Henderson
Director

N Cooper
Director

PARENT COMPANY STATEMENT OF ACCOUNTING POLICIES

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.

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 rate 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

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.

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.

PARENT COMPANY STATEMENT OF ACCOUNTING POLICIES

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 HMRC 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 types of 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 30 to the Group financial statements.

Going concern

As highlighted in notes 20 and 21 to the Group financial statements, the Group meets its day-to-day working capital requirements from positive operational cash flow and its available cash resources. These are supplemented when required by additional drawings under the Group's bank loan facilities, which are committed until May 2019. Whilst there are a number of risks to the Group's trading performance, the Group does not have any material debt repayment obligations before November 2016. The Group's strategic forecasts, based on reasonable assumptions, indicate that the Group should be able to operate within the level of its currently available committed facilities and its banking covenants for the period of the strategic forecast.

After making enquiries and after consideration of the Group's existing operations, cash flow forecasts and assessment of business, regulatory and financing risks, 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 financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

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 76 to 82 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 recorded a profit for the 52 weeks ended 30 December 2014 of £214.5m (52 weeks ended 31 December 2013: £153.1m).

The auditor's remuneration for audit and other services is disclosed in note 5 to the Group financial statements.

3. Dividends proposed and paid

	52 weeks ended 30 December 2014 Per share	52 weeks ended 31 December 2013 Per share	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Equity shares:				
– current period interim dividend paid	4.0p	3.7p	35.1	32.1
– prior period final dividend paid	7.9p	7.2p	68.9	55.0
	11.9p	10.9p	104.0	87.1
Proposed final dividend	8.2p	7.9p	72.3	69.1

Further details of dividends paid and proposed are shown in note 10 to the Group financial statements.

4. Investments

	£m
Cost and net book value:	
At 1 January 2014 and 30 December 2014	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

	30 December 2014 £m	31 December 2013 £m
Amounts owed by Group undertakings	2,914.4	2,824.7
Loans receivable	2.3	2.3
	2,916.7	2,827.0

6. Debtors: amounts falling due after more than one year

Debtors falling due after more than one year comprises the non-current portion of sums owed by GVC Holdings plc.

7. Creditors: amounts falling due within one year

	30 December 2014 £m	31 December 2013 £m
Amounts owed to Group undertakings	383.3	228.5
Accruals and deferred income	4.4	4.4
	387.7	232.9

8. Creditors: amounts falling due after one year

Bank overdrafts, loans and derivative financial instruments	30 December 2014 £m	31 December 2013 £m
Borrowings at amortised cost		
Bank loans	**50.0**	230.0
£375m 4.25% Guaranteed Notes due 2020	**375.0**	375.0
£300m 7.125% Guaranteed Notes due 2016	**300.0**	300.0
	725.0	905.0
The borrowings are repayable as follows:		
Amounts due for settlement within one year	**–**	–
In the second year	**300.0**	230.0
In the third to fifth years inclusive	**50.0**	300.0
After more than five years	**375.0**	375.0
	725.0	905.0
Less: expenses relating to bank loans	**(3.8)**	(2.5)
Less: expenses related to £375m 4.25% Guaranteed Notes due 2020	**(3.1)**	(3.7)
Less: discount on bond issue £300m issued at £297.9m	**(0.7)**	(1.0)
Less: expenses relating to £300m 7.125% Guaranteed Notes due 2016	**(1.3)**	(1.9)
	716.1	895.9

Bank facilities

As at 30 December 2014, the Company had a committed revolving credit bank loan facility (RCF) of £540m provided by a syndicate of banks which expires in May 2019. At the period end, £50m of this facility was drawn down (31 December 2013: £230m).

During the period, the Company repaid and cancelled the Revolving Credit Facility of £550m that was due to expire in 2015. The remaining unamortised finance fees on this facility were expensed.

Borrowings under the RCF are unsecured but are guaranteed by the Company and by certain of its operating subsidiaries.

Borrowings under the Facility incur interest at LIBOR plus a margin of between 1.25% and 2.50%, determined by the Group's consolidated net debt to EBITDA ratio as defined in the loan agreement. A utilisation fee is payable if more than a certain percentage of the loan is drawn. A commitment fee, equivalent to 40% of the margin, is also payable in respect of available but undrawn borrowings under the RCF.

Upfront participation and arrangement fees plus associated costs incurred in arranging the RCF have been capitalised and offset against the loan in the balance sheet and are being amortised on a straight line basis over the life of the facility.

Corporate bonds

(i) £300m 7.12% Guaranteed Notes due 2016

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 the Company and certain of its operating subsidiaries. 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%.

(ii) £375m 4.25% Guaranteed Notes due 2020

In June 2013, the Company issued £375m of corporate bonds and used the net proceeds to repay £275m borrowed under a Term Loan Facility used to part fund the acquisition of Sportingbet plc's Australian business and Playtech's stake in Online, with the remainder of the bond used to clear down outstanding amounts under the Company's revolving credit facility. The bonds, which are guaranteed by the Company and certain of its operating subsidiaries, bear a coupon rate of 4.25% and are due for redemption in June 2020.

Finance fees and associated costs incurred on both issues of bonds, together with the discount on the 2009 issue, have been capitalised in the balance sheet and are being amortised over the life of the respective bonds using the effective interest rate method.

Further details of borrowings are shown in note 20 to the Group financial statements.

9. Called-up share capital

	30 December 2014		31 December 2013	
	Number of shares	**£m**	Number of shares	£m
Called-up, allotted and fully paid – ordinary shares of 10p each:				
At start of period	**867,234,226**	**86.7**	705,853,439	70.6
Shares issued in the period	**9,673,160**	**1.0**	161,380,787	16.1
At end of period	**876,907,386**	**87.7**	867,234,226	86.7

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
Performance Share Plan (2005)	22,655	nil	Between 2008 and 2015
Performance Share Plan (2006)	10,867	nil	Between 2009 and 2016
Performance Share Plan (2012)	2,072,422	nil	Between 2015 and 2022
Performance Share Plan (2013)	1,211,853	nil	Between 2016 and 2023
Performance Share Plan (2014)	1,964,952	nil	Between 2018 and 2024
Executive Bonus Matching Scheme (2012)	3,098,436	nil	March 2015
Executive Bonus Matching Scheme (2013)	2,058,447	nil	April 2016
Executive Bonus Matching Scheme (2014)	46,512	nil	May 2017
Retention awards	974,016	nil	Between 2017 and 2019
SAYE 2009	30,340	£1.29	Between 2014 and 2015
SAYE 2010	196,070	£1.48	Between 2013 and 2016
SAYE 2011	392,787	£1.40	Between 2014 and 2017
SAYE 2012	2,755,563	£1.65	Between 2015 and 2018
SAYE 2013	1,802,601	£3.12	Between 2016 and 2019
SAYE 2014	3,503,911	£2.73	Between 2017 and 2020

Note 30 to the Group financial statements has further information on these schemes, including the valuation models and assumptions used.

10. Share premium

	£m
At 1 January 2014	680.7
Shares issued in the period	2.5
At 30 December 2014	**683.2**

11. Reserves

	Called-up share capital £m	Premium on ordinary shares £m	Capital redemption reserve £m	Own shares held £m	Profit and loss account £m	Total £m
At 1 January 2014	86.7	680.7	6.8	(1.4)	968.2	1,741.0
Profit for the financial period	–	–	–	–	214.5	214.5
Other shares issued during the period	0.9	2.5	–	–	(0.7)	2.7
Purchase and issue of own shares	0.1	–	–	(5.8)	4.9	(0.8)
Transfer of own shares to recipients	–	–	–	6.1	(6.1)	–
Dividends paid (note 3)	–	–	–	–	(104.0)	(104.0)
At 30 December 2014	**87.7**	**683.2**	**6.8**	**(1.1)**	**1,076.8**	**1,853.4**

12. Reconciliation of movements in shareholders' funds

	30 December 2014 £m	31 December 2013 £m
Opening shareholders' funds	**1,741.0**	1,300.2
Profit for the financial period	**214.5**	153.1
Dividends paid	**(104.0)**	(87.1)
Shares issued during the period	**1.9**	1.4
Rights issue (net of costs)	**–**	373.4
Net increase to equity shareholders' funds	**112.4**	440.8
Closing shareholders' funds	**1,853.4**	1,741.0

13. Financial commitments

The Company had no capital commitments at 30 December 2014 (31 December 2013: £nil).

The Company had no commitments under non-cancellable operating leases at 30 December 2014 (31 December 2013: £nil).

14. 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

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Summarised results:					
Amounts wagered	**8,945.7**	7,800.8	5,884.8	5,228.6	4,609.5
Revenue	**1,609.3**	1,486.5	1,276.9	1,136.7	1,071.8
Profit before interest, tax and exceptional items (including associates)	**363.2**	324.1	325.6	272.1	273.2
Profit before interest and tax and after exceptional items (including associates)	**281.8**	303.0	311.1	221.9	272.7
Profit before tax	**233.9**	257.0	277.7	187.4	193.3
Profit for the financial period	**206.3**	226.5	231.0	146.5	156.0
Summarised statements of financial position:					
Assets employed:					
Non-current assets	**2,098.4**	2,141.2	1,685.2	1,643.7	1,670.6
Current assets	**282.2**	272.7	190.0	164.6	156.7
Current liabilities	**(369.8)**	(328.6)	(273.3)	(257.8)	(224.9)
Non-current liabilities	**(850.5)**	(1,062.0)	(564.9)	(650.9)	(747.7)
Net assets	**1,160.3**	1,023.3	1,037.0	899.6	854.7
Financed by:					
Equity attributable to equity holders of the parent	**1,160.3**	1,023.3	1,022.4	887.8	843.2
Minority interest	**–**	–	14.6	11.8	11.5
Total equity	**1,160.3**	1,023.3	1,037.0	899.6	854.7
Key statistics:					
Operating profit[1]	**372.2**	335.0	330.6	275.7	276.8
Adjusted basic earnings per share[2]	**29.9p**	28.8p	27.2p	22.5p	20.2p
Diluted earnings per share[2]	**23.4p**	24.7p	24.7p	15.1p	17.1p
Dividends per share (paid)[3]	**11.9p**	10.9p	9.4p	8.1p	7.0p
Share price – high	**£4.12**	£4.95	£3.58	£2.48	£2.17
Share price – low	**£3.15**	£3.39	£1.95	£1.68	£1.56

All amounts are stated on an IFRS basis.

[1] Operating profit is defined as pre-exceptional profit before interest and tax, before the amortisation of specific intangible assets recognised on acquisitions.

[2] Earnings per share in prior periods have been restated to reflect the rights issue in 2013 in accordance with IAS 33 Earnings Per Share.

[3] Dividends per share have been presented on a paid basis, except as restated in prior years to reflect the impact of the rights issue in 2013.

SHAREHOLDER INFORMATION

William Hill PLC 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 on www.williamhillplc.com.

To find the shop closest to you, go to our shop locator on www.williamhillplc.com.

Financial calendar

2014 Final Results	27 February 2015
2015 Q1 Interim Management Statement	23 April 2015
2014 Final Dividend Record Date	1 May 2015
2015 Annual General Meeting	7 May 2015
2014 Final Dividend Payment Date	5 June 2015
2015 Half Year Results	7 August 2015
2015 Q3 Interim Management Statement	23 October 2015

Registrar

The registrar of the Company is Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ (www.computershare.com). Telephone 0870 703 6251. 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 and full details of the dividend reinvestment plan can be found in the Investor Relations section of our corporate website (www.williamhillplc.com) under shareholder services. A Mandate Form and Terms and Conditions can be obtained from Computershare Investor Services PLC, in writing, by telephoning the number above or online at www.investorcentre.co.uk, in the Downloadable Forms section.

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:
Barclays
5 The North Colonnade
Canary Wharf
London E14 4BB

Registrar:
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

ABBREVIATIONS AND GLOSSARY

ABB
Association of British Bookmakers

ABI
Association of British Insurers

AGM
Annual General Meeting

API
Application Programming Interface. It specifies how software components should interact with each other

BDM
Business Development Manager. Selected customers in William Hill Australia are supported by designated relationship managers and we review the performance of this part of our business as a separate revenue stream called BDM. Customers in Australia that are not served by BDMs form the Digital Australia business

Company
William Hill PLC, the ultimate holding company of the William Hill Group

CR
Corporate Responsibility

DCMS
Department of Culture, Media and Sport

Digital
In the context of our Australian operations, Digital revenues are those that do not derive from our BDM operations

DPS
Dividends Per Share

EBITDA
Earnings Before Interest, Taxation, Depreciation and Amortisation

EBMS
Executive Bonus Matching Scheme

EPS
Earnings Per Share

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)

GPT
Gross Profits 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

HMRC
HM Revenue and Customs

Horse racing levy
A levy attributable to bets taken on UK horse racing 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

IFRS
International Financial Reporting Standards

KPI
Key Performance Indicators

LIBOR
London Interbank Offered Rate

LBO
Licensed Betting Office

LTIP
Long-Term Incentive Plan

MGD
Machine Games Duty. A duty charged by the UK Government on gaming machine net revenue

Operating profit
Operating profit is defined as pre-exceptional profit before interest and tax, before the amortisation of specific intangible assets recognised on acquisitions

OTC
Over-The-Counter

PBIT
Profit Before Interest and Tax

POCT
Point of Consumption Tax. The UK Government implemented a new online gambling regulatory regime on 1 November 2014 on the basis of where the consumer is located. From 1 December 2014, it also implemented a new gross profits tax at 15% on revenue on the same 'point of consumption' basis

PSP
Performance Share Plan

RIDDOR
Reporting of Injuries, Diseases and Dangerous Occurrences

RGT
Responsible 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 or the Group
The Company and its subsidiaries or any of them, as the context may require

VAT
Value Added Tax

William Hill Online
William Hill Online was a joint venture between William Hill and Playtech set up in 2008. Following the acquisition of Playtech's stake in April 2013, it is now fully owned by the William Hill Group and is referred to as 'Online' in this Annual Report

STATEMENT OF GROUP ACCOUNTING POLICIES

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 Strategic Report on pages 3 to 48 and note 2 to the Group financial statements.

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 our accounting policies.

Basis of accounting

The Group financial statements have been prepared in accordance with IFRSs as issued by the IASB. The Group financial statements have also been prepared in accordance with IFRSs 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 where certain assets or liabilities are held at amortised cost or at fair value as described in our accounting policies. The key accounting policies adopted are 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 IFRSs, amendments to IFRSs and IFRS Interpretations Committee (IFRIC) interpretations, none of which have had a significant effect on the results or net assets of the Group:

IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in Other Entities
IFRIC 21	Levies
IAS 27 (revised)	Separate financial statements
IAS 28 (revised)	Investments in associates and joint ventures
IAS 32 (amended)	Financial instruments: Presentation
IAS 36 (amended)	Impairment of assets
IAS 39 (amended)	Financial instruments: Recognition and measurement

Standards in issue but not effective

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

IFRS 9 (revised)	Financial instruments
IFRS 10 (amended)	Consolidated financial statements
IFRS 11 (amended)	Joint arrangements
IFRS 15	Revenue from contracts with customers
IAS 16 (amended)	Property, plant and equipment
IAS 19 (amended)	Employee benefits
IAS 27 (amended)	Separate financial statements
IAS 28 (amended)	Investments in associates and joint ventures
IAS 38 (amended)	Intangible assets
Annual Improvements 2010-2012 cycle	
Annual Improvements 2011-2013 cycle	
Annual Improvements 2012-2014 cycle	

We do not anticipate that there will be a material impact on the financial statements from standards that are in issue but not yet effective.

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 30 December 2014. 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, including separately identifiable intangible assets, 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 income statement in the period of acquisition.

Investments 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 the 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, unless immaterial. 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, including separately identifiable intangible assets, 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

Amounts wagered does not represent the Group’s statutory revenue measure and comprises the gross takings receivable from customers in respect of individual bets placed in the period in over-the-counter LBO, Telephone, US, Australia and Online Sportsbook businesses and net revenue for the period for LBO gaming machines and Online casino, poker and bingo products.

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, US, Online Sportsbook, Online casino (including games on the Online arcade and other numbers bets) and Australian operations, revenue represents gains and losses from gambling 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.

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 bookmaking software licensing income, which are recognised on an accruals basis.

STATEMENT OF GROUP ACCOUNTING POLICIES

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.

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 period.

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 efforts 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 and income arising on interest-bearing financial instruments carried at amortised cost are recognised in the consolidated income statement using the effective interest rate method. Finance costs include the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price.

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 remeasurements 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.

The net 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 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 based on tax laws and rates that have been enacted at the balance sheet date. 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.

Internally generated intangible assets – computer software and systems

Expenditure on initial investigation and research 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 recognised in acquisitions are recorded at 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 owing 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 arising on acquisitions

Intangible assets arising on acquisitions are recorded at their fair value.

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

Acquired brands	– assessed separately for each asset, with lives ranging up to three years
Customer relationships	– between three and eight years
Bookmaking and mobile technology	– between three and five years
Wagering/lottery contracts	– ten to 12 years

STATEMENT OF GROUP ACCOUNTING POLICIES

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
Short leasehold improvements	– ten years
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 profit or loss.

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

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

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 pre-tax cash flows 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. This process is described in more detail in note 12 to the financial statements.

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 only to the point 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 (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories represent goods for resale within the greyhound stadia and the US operations. 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 expense 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 resign from the Group. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

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 gross receivable 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 otherwise 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 charged 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 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 may use fixed rate borrowings to hedge some of its interest rate exposure. The Group makes use of foreign currency forwards to hedge a proportion of its largest foreign currency transactional exposures. Where possible and practicable, the Group retains foreign currency cash balances equivalent to its foreign currency liabilities 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, 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.

Ante-post 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. The net liability resulting from open positions is reported within financial liabilities under the term 'Derivative financial instruments'.

Going concern

As highlighted in notes 20 and 21 to the financial statements, the Group meets its day-to-day working capital requirements from positive operational cash flow and its available cash resources. These are supplemented when required by additional drawings under the Group's bank loan facilities, which are committed until May 2019. Whilst there are a number of risks to the Group's trading performance, the Group does not have any material debt repayment obligations before November 2016. The Group's strategic forecasts, based on reasonable assumptions, indicate that the Group should be able to operate within the level of its currently available committed facilities and its banking covenants for the period of the strategic forecast.

After making enquiries and after consideration of the Group's existing operations, cash flow forecasts and assessment of business, regulatory and financing risks, 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.

STATEMENT OF GROUP ACCOUNTING POLICIES

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. Profit measures used by the Group to monitor and report on business performance exclude exceptional items, since these items may distort an understanding of financial performance or impair comparability.

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 have 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 used in these financial statements.

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 and mortality rates. Differences arising from actual experience or future changes in assumptions will be reflected in subsequent periods. Note 31 provides information on the assumptions used in these financial statements.

Valuation of ante post bet 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.

Taxation

Due to the multinational nature of the Group and the complexity of tax legislation in various jurisdictions in which the Group operates, the directors must apply judgement in estimating the likely outcome of certain tax matters whose final outcome may not be determined for a number of years and which may differ from the current estimation. In forming that judgement, the directors make assumptions regarding the interpretation and application of tax laws to the circumstances of those specific items.

These estimates are updated in each period until the outcome is finally determined through resolution with a tax authority and/or through a legal process. Differences arising from changes in estimates or from final resolution may be material and will be charged or credited to the income statement in the period of re-estimation or resolution.

Valuations and useful economic lives of assets on acquisition

In assessing the fair value of assets and liabilities acquired in business combinations, the directors use their judgement in selecting suitable valuation methods and inputs and in estimating the useful economic lives (UELs) of assets. The range of inputs considered in these valuations varies according to the item being valued and typically includes discount rates and the forecast future performance of the business being acquired, both of which involve a degree of estimation.

UELs are reviewed on a periodic basis and changes are recognised prospectively through an adjustment to the asset's amortisation charge in the income statement. A change in UEL of an asset, including the allocation of a definite life to an asset which previously had an indefinite life, may result in a materially different amortisation charge in that and subsequent years.

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