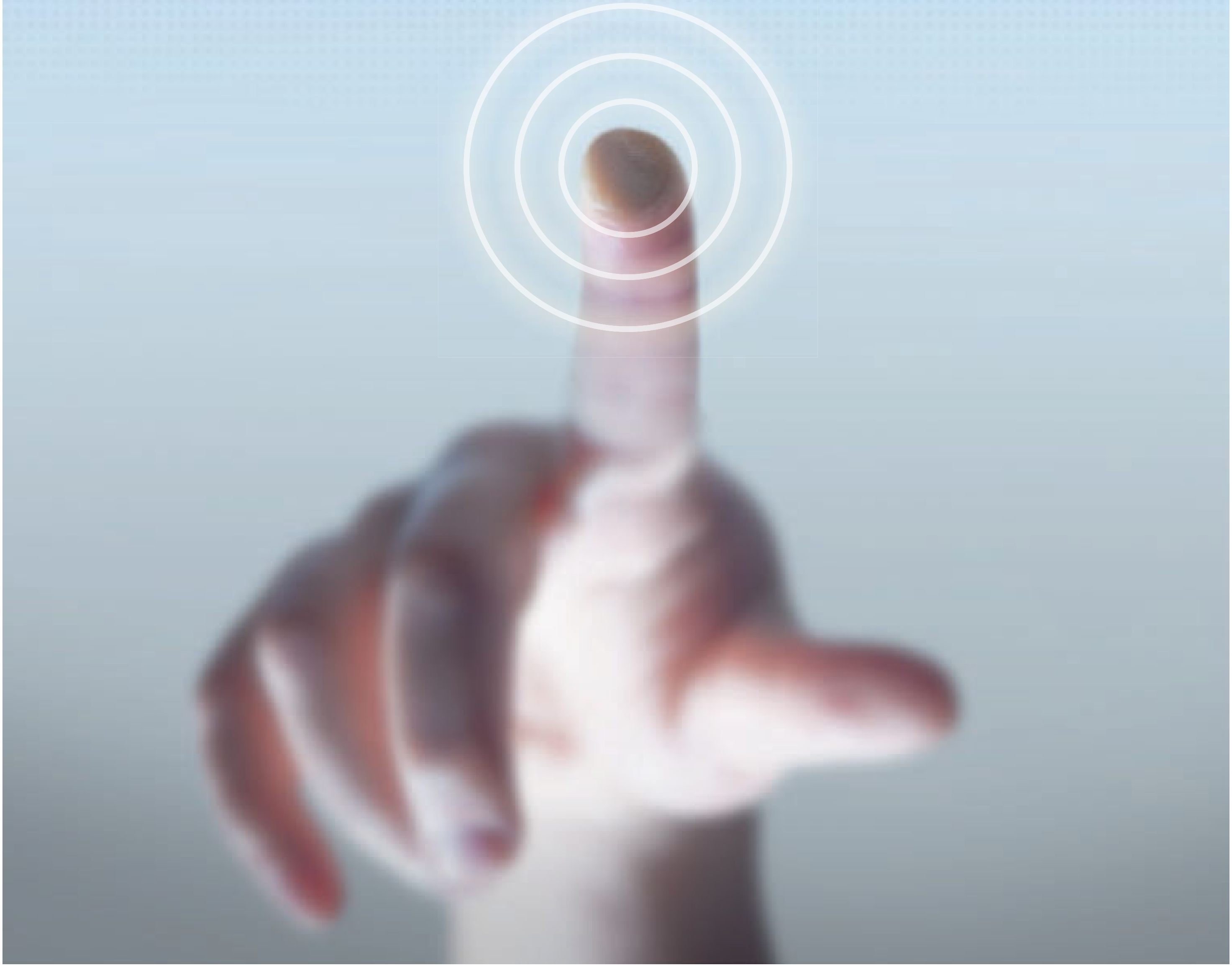
WILLIAM HILL PLC
ANNUAL REPORT AND ACCOUNTS 2015

THE SCALE TO DELIVER **OUTSTANDING CUSTOMER EXPERIENCES**



CONTENTS

01
Strategic report

51
Governance

96
Financial statements

Pages 01 to 50 form the Strategic Report of William Hill PLC for the period ended 29 December 2015.
The Strategic Report has been approved by the Board of William Hill PLC and signed on behalf of the Board by James Henderson, CEO.

INTRODUCTION

WE ARE ONE OF THE MOST TRUSTED BRANDS IN OUR MARKETPLACE, ATTRACTING MILLIONS OF CUSTOMERS FROM AROUND THE WORLD.

IT IS A COMPETITIVE INDUSTRY AND WE ARE CONSTANTLY INNOVATING TO STAY AHEAD. WE ARE USING THE CASH GENERATED BY RETAIL TO INVEST IN GROWTH OPPORTUNITIES IN DIGITAL AND INTERNATIONAL MARKETS.

WE ARE USING OUR SCALE TO PROMOTE **OUR BRAND** AND TO PIONEER **TECHNOLOGY** TO DELIVER OUTSTANDING CUSTOMER EXPERIENCES.

VITALLY, WE UNDERSTAND THE CRITICAL ROLE WE PLAY IN ENCOURAGING **OUR CUSTOMERS** TO GAMBLE RESPONSIBLY WITH THE BEST EXPERIENCE AVAILABLE.

More on promoting our brand:
Pages 14–15

More on our approach to technology:
Pages 16–17

More on responsible gambling:
Pages 18–19

CHAIRMAN'S STATEMENT

WELL POSITIONED FOR FURTHER GROWTH

Amounts wagered
£8.9bn

Net revenue[1]
£1.6bn

Operating profit[2]
£291.4m

Profit before tax
£184.7m

Basic, adjusted earnings per share[3]
24.7p

Dividend per share
12.5p

[1] Net revenue is a term equivalent to the Revenue defined by the statutory accounts on page 106.
[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.

Performance update

I am pleased to report that the Group has made substantial operational progress against our three strategic pillars of omni-channel, technology and international. In technology terms, Online now has the Trafalgar platform that allows us to deliver rapid and frequent innovations to customers, further differentiating our offering. An important part of our omni-channel strategy – our proprietary self-service betting terminal (SSBT) – has also been enabled by this platform. Internationally, it is pleasing to see good signs of growth from William Hill Australia, which is now benefiting from our investment and reshaping to focus the business on the recreational customer base who are driving the structural growth of that market.

In profit terms, 2015 was always going to be a challenging year as the Group faced substantial additional gambling taxes in the UK. However, excluding these, Group operating profit grew 2%. Given the Board's confidence in the Group's prospects for growth, we decided to increase the dividend payout from 40% to c50% of adjusted EPS, with the intent of continuing to target that level in future. The Board has approved a 2.5% increase in the full-year dividend. We also announced plans to return approximately £200m to shareholders over the coming 12 months, believing the Group can increase its capital efficiency without compromising its investment in growth.

Corporate governance and stakeholder engagement

The Board continues to be committed to good governance in promoting the long-term success of William Hill. Over the last two years, we have successfully transitioned to working with a new CEO, James Henderson, and a new CFO, Philip Bowcock. We are also pleased to welcome three changes to the Executive Committee team, which will help to maintain strong leadership in the business.

Corporate responsibility remains a key focus for the Board and we were encouraged by the Group's continuing work to develop measures that encourage responsible gambling. Our broader focus on areas such as our community engagement, sports integrity and customer data protection is also positive for our relationships with key stakeholders.

Outlook

Looking ahead, we are well placed to grow in 2016 as a result of our progress in 2015. Retail remains a very resilient and highly cash generative business and this supports the Group's continued investment in digital and international areas to drive further growth and shareholder value. The omni-channel strategy will benefit from the roll-out of our proprietary SSBT in 2016, Online is focused on delivering a strong pipeline of new products and user experience improvements, Australia is showing encouraging signs of being very competitive in that attractive market and the US business continues to grow apace.

Major sporting events like the EURO 2016 football tournament in the summer give us great opportunities to deliver the best possible experience to our customers, particularly at a time of disruption in the industry with a number of large mergers currently happening. As one of the largest scale businesses in gambling, the Board is confident the Group is well placed to deliver on its growth strategy.

On behalf of the Board, I would like to record our thanks to our William Hill colleagues for their continued commitment to great customer service, to innovation, to their local communities and to encouraging responsible gambling among our customers.

Gareth Davis
Chairman

OUR BUSINESS TODAY

TOWARDS A MORE DIVERSIFIED GAMBLING BUSINESS

OUR CUSTOMERS CAN GAMBLE WITH US ON A WIDE RANGE OF SPORTS BETTING AND GAMING PRODUCTS WHEREVER AND WHENEVER THEY WANT.

OUR STRATEGY IS TO CONTINUE TO DIVERSIFY OUR REVENUES BY BRINGING OUR EXPERTISE IN BOTH LAND-BASED AND DIGITAL BETTING AND GAMING TO MARKETS OUTSIDE THE UK.

A BALANCED MULTI-CHANNEL MODEL

WE BENEFIT FROM HAVING A LARGE-SCALE CAPABILITY IN BOTH LAND-BASED AND DIGITAL BETTING AND GAMING.

LAND-BASED

Our land-based divisions are Retail and William Hill US. We are the UK's leading operator of Licensed Betting Offices (LBOs), with 2,371[1] of the c8,800[2] LBOs overseen by the Gambling Commission, offering both betting and gaming. We are also the largest operator of sports books in Nevada with 55% market share by number of outlets.

Find out more:
Pages 30–31 and 33

DIGITAL

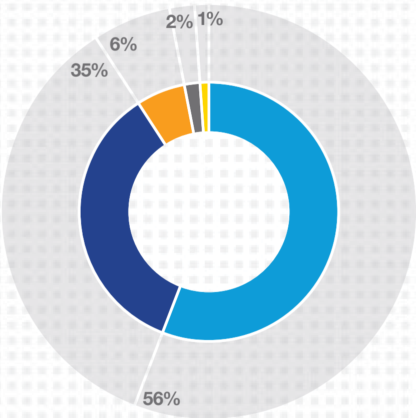
Our digital divisions are Online and William Hill Australia. Our Online business is one of the leading providers of online betting and gaming to UK customers by revenues, with 15% market share[3]. We provide in-play and pre-match betting and gaming on desktop and mobile devices. In Australia, we are one of the top three providers of online betting.

Find out more:
Pages 28–29 and 32

[1] As at 29 December 2015.
[2] Gambling Commission, Gambling Industry Statistics (April 2010 – March 2015), November 2015.
[3] Gambling Compliance, UK Online Market Share, October 2015.

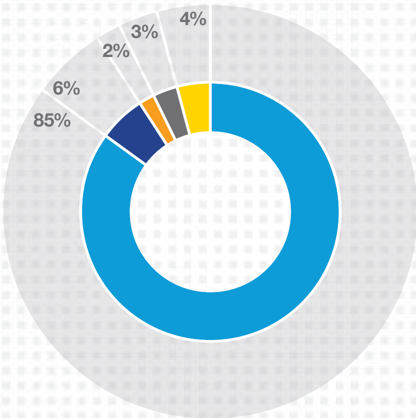
BY SEGMENT AND GEOGRAPHY

OUR DIGITAL DIVISIONS ACCOUNTED FOR 41% OF GROUP NET REVENUE[1] IN 2015 AND INTERNATIONAL MARKETS WERE 15% OF NET REVENUE[1].



By division

- **56%** Retail
- **35%** Online
- **6%** Australia
- **2%** US
- **1%** Other

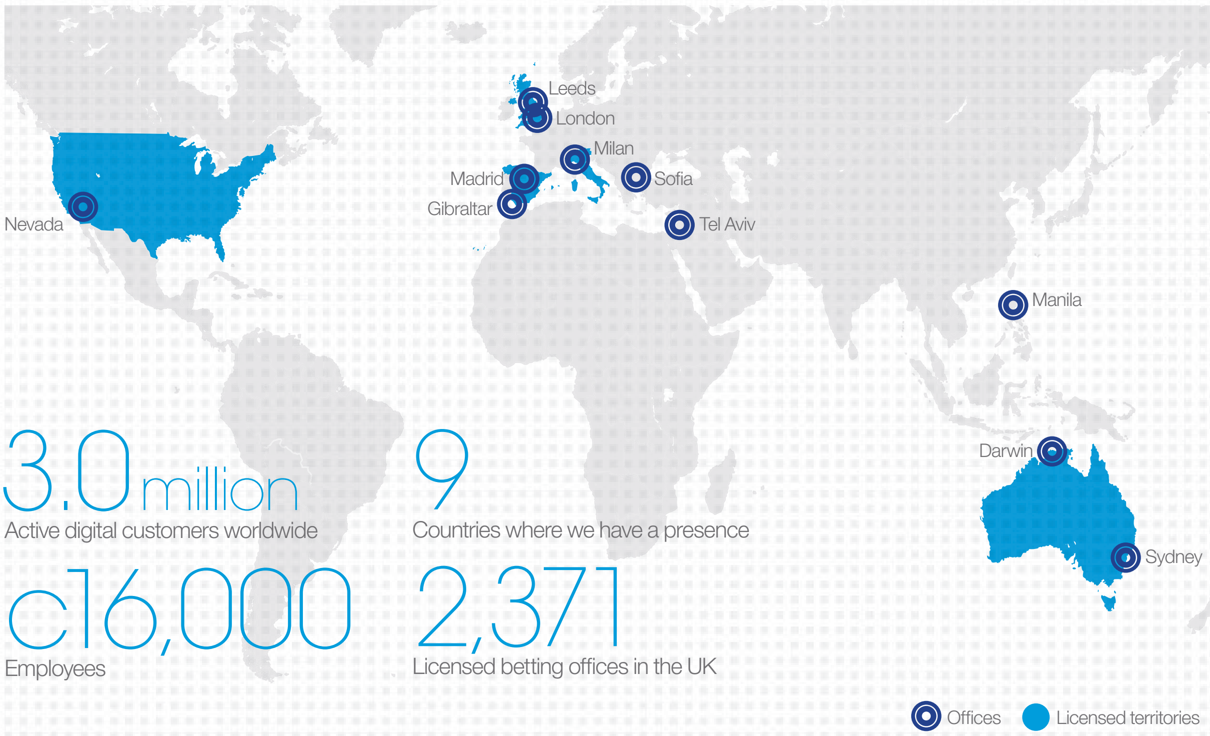


By market

- **85%** UK
- **6%** Australia
- **2%** US
- **3%** Italy and Spain
- **4%** Other

A STRONG GLOBAL PRESENCE

WE ARE LICENSED IN FIVE OF THE WORLD'S TEN LARGEST REGULATED GAMBLING MARKETS, WITH EXCITING GROWTH POTENTIAL.



3.0 million
Active digital customers worldwide

9
Countries where we have a presence

c16,000
Employees

2,371
Licensed betting offices in the UK

[1] Net revenue is a term equivalent to the Revenue defined by the statutory accounts on page 106.

MARKETPLACE

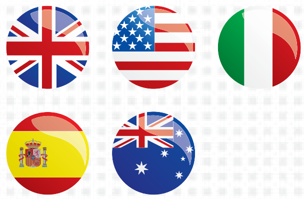
KEY TRENDS AFFECTING OUR BUSINESS

THERE ARE VARIOUS ECONOMIC, REGULATORY, CONSUMER AND COMPETITOR TRENDS THAT ARE INFLUENCING HOW WE INVEST AND WHERE WE FOCUS OUR RESOURCES.

01

GLOBAL REGULATION

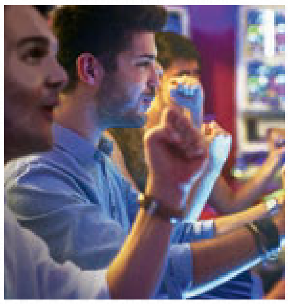
Around the world, governments are updating their existing gambling legislation to take account of new digital gambling. This is creating opportunities for William Hill. Having built a highly competitive digital offering in the UK, one of the most advanced and innovative markets globally, we compete strongly in new international markets and thereby diversify our business.



02

POSITIVE ECONOMIC GROWTH

As a low ticket leisure activity, gambling proved relatively resilient during the latest economic downturn. However, UK consumers' discretionary spend was squeezed for several years with cost inflation above wage inflation, constraining growth. In 2015, that trend started to change. We expect gambling to benefit from increased discretionary spend, particularly as it becomes an ever more mainstream leisure activity.



03

TAX ON GAMBLING

When governments regulate they also tax licensed gambling companies. This is increasing the importance of scale as the larger operators can continue to invest while bearing this tax cost. In the UK, the Point of Consumption Tax was imposed on online gambling companies in December 2014. This additional cost is expected to drive consolidation of the industry over time.

04

CONSOLIDATION AND SCALE

Scale is becoming increasingly important, with companies investing substantial capital in marketing and technology as well as paying gambling taxes. The UK – one of the most fragmented digital gambling markets – is seeing significant consolidation activity. William Hill is already one of the largest scale operators and we benefit from generating substantial cash in our Retail business that we reinvest in digital and international opportunities.

Ladbrokes
CORAL

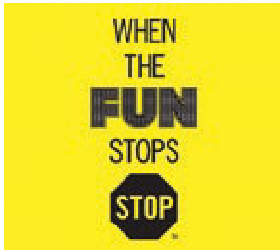
PADDYPOWER.
betfair

05 DEVELOPMENTS IN TECHNOLOGY

To date, much of the gambling industry has relied on third-party software suppliers for core technology. Increasingly, the small number of companies that can afford to do so – like William Hill – are looking to control more of the technology themselves in order to bring customers a differentiated offering.

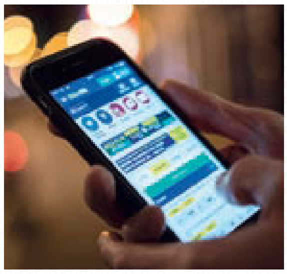
06 FOCUS ON RESPONSIBLE GAMBLING

We want relationships with our customers to last a lifetime, which is already what happens in many of our shops. It's in our interest, as well as customers' and governments', to enable customers to gamble responsibly. Wherever possible, we aim to identify problems before they develop in order to encourage customers to use the tools and support available to stay in control.



07 EVOLVING CONSUMER HABITS

Mobile makes gambling more accessible and fun than ever before through 'second screen' interaction while watching sports. In the UK, this reaches a more mass market, recreational customer base and leads to a lower average number of accounts and apps being used. That increases the importance of scale, with the ability to differentiate product and user experience through technology and to invest in marketing to be front-of-mind with the customers.



08 PRODUCT AND CHOICE

Customers' preferences in gambling continually evolve. Newer products such as football betting, in-play and gaming have grown significantly in the last decade, both in shops and online. New channels, like mobile and self-service betting terminals, also extend our reach and our customers' choice. We aim to stay at the forefront of new opportunities and continually innovate both our betting and gaming product range and our means of reaching more customers.

09 GETTING CLOSER TO THE CUSTOMER

With more extensive product ranges and proliferation across multiple channels comes the need to make the customer experience ever more relevant. Personalisation is the next major trend for William Hill. The personal experience already exists in shops. Taking it online is all about data: managing and translating vast volumes of data into ways of anticipating exactly what our customers want to do, perhaps even before they know themselves.

OUR BUSINESS MODEL

CREATING VALUE FOR ALL STAKEHOLDERS BY LEVERAGING OUR SCALE

BETTING AND GAMING ARE AT THE CORE OF OUR BUSINESS MODEL, WE USE OUR BRAND AND SCALE TO ATTRACT CUSTOMERS TO GAMBLE RESPONSIBLY BOTH ONLINE AND IN SHOPS, AND MAKE A MARGIN ON THEIR SPEND.

THE RESOURCES WE NEED

Financial strength
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.

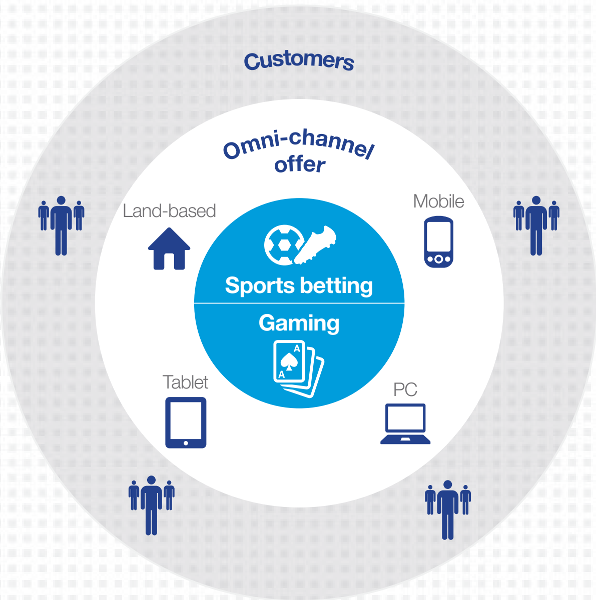
People and knowledge
The Board provides strategic leadership of the business. The passion, commitment and innovation of our employees across both land-based and digital operations creates our culture and makes William Hill one of the most trusted gambling brands.

Brand and reputation
Our 82-year-old brand is one of the most recognised and trusted in gambling. We invest primarily in regulated markets where the licensing of operators helps to encourage fair and open gambling, to protect vulnerable customers, to prevent underage gambling, to support sports integrity, to keep crime out of gambling and to enable investment in continually improving responsible gambling measures.

Technology
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, and to improve the customer experience.

Relationships
We work with all our stakeholders to build long-term relationships. We collaborate with customers, regulators, governments, sports bodies, suppliers and the wider gambling industry around the world to ensure we both comply with and increasingly lead the way in delivering a responsible gambling experience.

HOW OUR CUSTOMERS GAMBLE WITH US



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 our LBOs or sports books 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 continuously evolve our betting product range to be relevant to our customers by providing betting opportunities they cannot 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 lower but more stable margin than sports betting.

HOW WE INVEST

Reinvesting cash flows
Our UK Retail operation is a mature, stable and highly cash-generative business. This enables us to reinvest in the faster growing areas of digital gambling and international expansion, supported by technology that differentiates our customer experience.

Digital
The digital gambling market is growing by around 10–15% in markets such as the UK and Australia[1]. By investing in marketing and technology, we continually build and reinforce the profile of the William Hill brand and differentiate our offering by using technology to deliver a product range and a user experience that stands out from our competitors'.

International
As regulations change around the world, opportunities are opening up for us to take our betting and gaming offering to a wider customer base. We invest primarily in licensed markets where established regulatory and tax structures give us longer-term visibility on potential revenues. We have established leading market positions in five major gambling markets.

[1] H2GC.

THE RESULTS OF WHAT WE DO

£1.6bn
Net revenue

£291.4m
Operating profit

12.5p
Full-year dividend to shareholders

£418m
Total taxes and duties incurred in 2015

WHEN THE FUN STOPS STOP

Actively encouraging responsible gambling by customers

Contributing positively to our local communities and supporting other industries

CEO'S STRATEGY UPDATE

MEETING OUR STRATEGIC OBJECTIVES

OUR STRATEGY IS TO INCREASE THE GROUP'S DIVERSIFICATION BY GROWING OUR DIGITAL AND INTERNATIONAL REVENUES.

Within this, we have three priorities to deliver further shareholder value. These focus on maximising our opportunity as one of the UK's leading multi-channel operators, taking that proven experience into international markets and increasing our technological self-reliance to differentiate what we offer our customers.

01 MAXIMISING THE OMNI-CHANNEL POTENTIAL OF RETAIL AND ONLINE

UK customers are increasingly using both digital and land-based channels to bet. In 2015, William Hill had the largest betting shop estate in the UK[1] and was the leading online operator by revenues[2]. We have a unique opportunity to drive towards a 'one customer' proposition that gives William Hill customers a more consistent and joined-up experience online, on their mobile devices and in shops.

02 EXTENDING OUR EXPERTISE INTO INTERNATIONAL MARKETS

We have built an innovative and highly competitive offering for customers. As regulations change and markets open up across the world, we are taking that offering into other regulated markets. By diversifying our revenue streams, we reduce our exposure to fiscal, economic and regulatory change in any single market.

03 INCREASED DIFFERENTIATION THROUGH TECHNOLOGY

We have already successfully differentiated our customer experience through both betting and gaming innovations and the breadth and depth of our product range. While many other operators continue to rely exclusively on third parties' software and technology, we are increasingly building our own solutions and optimising how we use third parties to build a bespoke William Hill technology. This gives us the platform for further innovation and differentiation.

1 Gambling Commission, Gambling Industry Statistics (April 2010 – March 2015), November 2015.
2 Gambling Compliance, UK Online Market Share, October 2015.
3 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.
4 Kantar Betscope study.

Continued investment in our competitiveness

2015 was always going to be a challenging year financially with £87m of additional UK gambling duties across Retail and Online. However, excluding that additional cost, operating profit[3] grew 2%. The business remains highly cash generative and scale is becoming an important competitive advantage. We have continued to invest, therefore, in delivering our strategic objectives, confident that these position us for future growth in a highly competitive international gambling market.

Maximising the omni-channel potential of Retail and Online

The UK remains our core market at c85% of our revenues in 2015. Of the 8.3 million gambling customers in the UK, around 3 million gamble with William Hill[4]. Around 22% of all UK customers now gamble in both land-based and digital channels and that proportion continues to increase.

In William Hill, 28% of regular Retail customers and 26% of regular Online customers are multi-channel. We capture 45% of those Retail customers in William Hill Online and 68% of those Online customers in our betting shops[4]. Our omni-channel – or 'one William Hill' – strategy focuses on making it easy and logical for customers to choose William Hill when they cross between channels.

The UK's only proprietary SSBT

Our first priority is the self-service betting terminal (SSBT). One of our major competitive advantages is the massive product range we have already created for our Online customers. Our goal is to bring this to our Retail customers using self-service technology.

However, paying a revenue share to a third-party technology supplier is unattractive, particularly if it cannibalises existing over-the-counter (OTC) revenues. Our solution was to build a proprietary solution, supported by Online's in-house PDS technology and our hardware partner, Scientific Games.

Within 12 months, we created our SSBT and launched it for customer testing in our innovation shop. Our goal is a full roll-out in 2016.

A more consistent experience

At the same time, we have also created a more consistent experience between Retail and Online in other areas. Cross-channel gaming launches generated seven of the top ten games in Retail in 2015. We revised the design of our in-shop broadcasts to align to the online look-and-feel, brought Online's Top Bets and Tip Advisor experience into shops, and shared products like US horseracing.

The 'one William Hill' card

Our next priority is a means for customers to transfer their money more effectively across channels, building on the existing 'Cash Direct' facility, which was used one million times by customers in 2015, and Online's Priority Access card.

Extending our expertise into international markets

In building one of the UK's leading gambling companies, we have also built a capability that is proving highly competitive in other markets around the world. The UK was one of the first to regulate online gambling and other governments are increasingly revisiting their laws in response to the availability of online gambling. Our focus, in the first instance, is on four primary markets in addition to the UK: Australia, Italy, Spain and the US. These offer growth markets within large populations with a good propensity to bet.

Building a challenger brand in Australia

Following the acquisitions of Sportingbet (including Centrebet) and tomwaterhouse.com to create William Hill Australia, we have focused on reshaping this business to address the growing recreational market. Over two years, we have enhanced many aspects of this business: the management team, the trading policies, the product range, the desktop and mobile user experience, the technology platform and supporting IT team, the marketing investment strategy and the brand. As a result, we returned to growth in net revenue in local currency terms by the end of 2015.

LEADING SELF-SERVICE

We have developed a proprietary SSBT for Retail.

In February 2015, we started the process of migrating customers from the legacy brands to William Hill. The Sportingbet customer base successfully transitioned in February 2015, followed by the tomwaterhouse.com customers in January 2016, at which point 85% of turnover was generated by the William Hill brand. The growth in our brand recognition has been rapid and surpassed our expectations.

We are supporting the challenger brand proposition with market-leading products and a 'fast and easy' user experience. We launched Australia's first in-play digital service in 2015 and extended our local product range to offer more NRL and AFL rugby markets than any competitor.

The in-play product range is being expanded further through our Global Trading Platform. During the year, we launched our new iOS app, which was rated number two for free sports app in the Australian App Store during the Australian Open.

Growing our core markets

In addition to the UK, Online has licences and local market websites in Italy and Spain, and was licensed in Ireland in 2015. Regulation in Italy and Spain continues to evolve and as product liberalisation continues this is favouring us competitively. In Italy, for instance, the changing 'palinsesto' schedule has allowed us to extend our betting range significantly. We extended our gaming in 2015 with the launch of a Vegas tab. In Spain, we were one of the first to launch a slots offering in June following licensing of that product.

Building optionality in the US

We are also creating a strong brand in the US market, positioning us should regulatory change happen there. The market is restricted: there is online gaming, no online sports betting and land-based betting in only four states. However, various states are looking to change that position.

Our US business is small but growing rapidly in both Nevada and Delaware, building our brand recognition and relationships with governments, regulators and the wider industry. We are working with the American Gaming Association to explore ways to challenge the Sports Federal bar.

In August 2015, we broadened our footprint by acquiring for $25m a 29.4% stake in NeoGames, an online lottery business that is successfully challenging the established lottery operators in the US and Europe. We have options to acquire the rest of the business after three and five years.

Targeting other markets

Many countries have yet to update their regulations in response to the advent of digital gambling and we continue to offer services in those countries where we believe the existing legal framework allows us to do so. We take a different approach to product and marketing in non-core markets as the sustainability of these revenues is unclear. When a government regulates, we either take a licence or withdraw from the market.

During 2015, our revenues from other markets declined 27%, principally as a result of market withdrawals and government action to hinder operations. We are improving our gaming offering through Playtech's upgrade to its platform and during 2016 we will launch multiple language versions of williamhill.com to support these markets. These markets deliver higher operating profit margins than licensed markets but revenues will continue to be volatile.

Increased differentiation through technology

Technology is a key enabler of our other two strategic priorities. Since 2008, we, like the majority of other operators, have relied on OpenBet for our sports website and have used Playtech's gaming software. At the same time, though, we have developed certain proprietary systems, like our Vegas gaming platform and our trading platform, that have made us very attractive to customers through our differentiated offering. Over time, we expect markets like the UK to consolidate into a small number of major operators and believe these companies will differentiate their offering by controlling their own technology. This is our goal.

A major step forward in controlling our own technology

Over the last two years, we have been working on a strategically significant project – Project Trafalgar – to take control of our 'front-end' customer interfaces: the desktop site, the mobile version of the website and our iOS and Android apps. Previously, these have been supported by OpenBet and Mobenga (part of Playtech). This restricted how many times a year we could release new content, slowed our innovation schedule and enabled competitors using the same systems to benefit from innovations we led.

Under Project Trafalgar, we first built a service layer and APIs that sit between the front-end and the OpenBet back-end engine. Then we redesigned our interfaces, using responsive design which is operationally more efficient as we can make changes once that are deployed across different versions of the front-end simultaneously. In October, we launched the mobile website and iOS app, and optimised those through the rest of the year in response to customer feedback. During 2016, we will address the Android and desktop launches.

Leveraging our product range outside Online

We have invested over many years to create one of the broadest and deepest betting product ranges, including market-leading football and tennis in-play. We aim to bring that advantage to all our customers, wherever they bet with William Hill.

Through our Global Trading Platform, we are bringing that product range to customers in Australia and the US, and to Retail's customers through our proprietary SSBT. This maximises the value of previous investments as well as enhancing the customer offering.

Extending our leading proprietary gaming platform

Our online gaming offering is unmatched. In addition to the Playtech suite on which the rest of the industry relies, we have our Vegas product suite (Vegas, Macau, Mayfair, Live Casino, Games and Skill), which now generates 58% of Online's gaming revenues. We believe we have more dedicated live casino tables than any operator and are the only one with three dedicated studios through our partnership with Evolution Gaming.

These support our new and unique 'destination' style of online gaming. We launched Macau in November 2015, Mayfair live casino in January 2016 and the redesigned Vegas live casino in February 2016. We sourced the most successful land-based games from Macau's casinos and worked with Scientific Games to deliver these as exclusive Macau-themed content for a highly differentiated experience.

This is further enhanced by our proprietary bonus engine, which we started to roll-out in July 2015. Developed by our Shoreditch team, this gives us bonusing capability for Vegas, Macau and Live Casino equivalent to the very best in the industry, and equips us to compete properly on gaming customer acquisition for the first time.

Looking ahead to 2016

William Hill has a strong track record of being first to market with some key innovations, like Cash In My Bet and Acca Insurance. We also lead on product depth, like in-play football markets.

With the strategically important Trafalgar platform in place, our focus for Online in 2016 is on product innovation, user experience optimisation and personalisation. In Retail, we will roll-out our proprietary SSBT and continue to deliver improved gaming content. William Hill Australia is implementing an extensive innovation pipeline.

With the further evolution of the leadership team, including a new CFO and Group CIO this year, I am confident William Hill is well placed to be very competitive in the year ahead and is delivering the right strategy to continue to generate shareholder value.

James Henderson
Chief Executive Officer

ENCOURAGING RESPONSIBLE GAMBLING

Encouraging our customers to gamble responsibly is at the heart of what we do. During 2015, we have continued to raise awareness, to improve the tools available to customers and encourage interactions by our well-trained staff.

Find out more:
Pages 34–43

PROMOTING OUR BRAND

Leveraging our scale through marketing investment

The scale of our Online business means we have one of the largest marketing budgets in the UK industry. This supports both new customer acquisition and being front-of-mind when our existing customers are preparing to bet.

During 2015, we again secured the key TV packages we wanted for the coming year in the UK, including top bookmaker packages with Sky, BT Sport, ITV and Channel 4. Our share of voice for the key live football market is estimated to be c20–21% for the 2015/16 football season, significantly ahead of our c15% market share by net revenue. This further reinforces our outstanding levels of spontaneous brand awareness.

Optimising our investment to maximise our impact

Through our highly experienced in-house marketing teams based in the UK, Gibraltar and Tel Aviv, we also optimised our Online marketing investment, for instance by improving our pay-per-click (PPC) algorithms. Online's overall spend actually reduced 9% while our investment in the UK increased 3% in spite of the lack of a major international football tournament.

Historically, affiliates drove a lot of traffic to our sites. Now, as we have increasingly focused on our core, regulated markets, TV advertising, search engine optimisation and PPC account are much more important. These channels accounted for c73% of our marketing spend and all drive a lower cost per acquisition. This management expertise is being shared across the Group with Tel Aviv, for instance, supporting Australia's campaigns.

Building William Hill as a successful international brand

The William Hill brand is proving successful outside the UK as well and is now established as a consistent brand on three continents.

In Italy and Spain, where we have taken local licences and advertise on TV, we are number two in both locations for prompted awareness.

In Australia, we launched as William Hill in February 2015 and have successfully migrated both the Sportingbet and tomwaterhouse.com customer bases over to our brand. Our prompted brand awareness increased from 32% to 63% between March 2015 and February 2016, and our spontaneous awareness rose from 12% to 32% in the same period. This has grown faster than we expected and faster than other brands that launched at the same time. We are establishing William Hill as a clear 'top three' brand by building a reputation for a fast and easy service and as a 'challenger' brand, competing against local incumbents with differentiated products, like in-play.

In the US, where we are licensed in Nevada, we brought three existing brands together under the William Hill name and the strength of our performance is building our reputation.

In many markets, we find a high level of trust is already associated with our brand among governments, regulators and the wider industry, given our long track record in the well-regulated UK market.

OUR BRAND IS ONE OF OUR MAJOR ASSETS, IN THE UK AND INTERNATIONALLY. CUSTOMERS TELL US THE WILLIAM HILL BRAND STANDS FOR HERITAGE, TRUST AND EXPERTISE. A YOUGOV SURVEY[1] IN 2015 HIGHLIGHTED THAT BRAND AND/OR REPUTATION IS THE SECOND MOST IMPORTANT FACTOR IN CHOOSING AN ONLINE BETTING ACCOUNT AND THAT WILLIAM HILL WAS THE MOST TRUSTED BRAND.

[1] Barclays YouGov UK Gambling Survey, November 2015.

BUILDING DIFFERENTIATION THROUGH TECHNOLOGY

Continuing to drive growth through differentiation

We know differentiation drives growth: Sportsbook – supported by our bespoke Trading platform – and our Vegas gaming product suite are Online's fastest growing products.

We continue to pursue differentiation across the Group. In Australia, William Hill was the first to launch in-play online betting and grew in-play turnover 56% in 2015, since its launch. By owning all aspects of its technology platform, Australia brings innovations like this to customers faster and more frequently. Through our Global Trading Platform, Australia is also benefiting from Trading's automated feeds, substantially expanding its product range, particularly for in-play.

Retail will similarly benefit from an expanded product range through our proprietary SSBT where our scale and in-house expertise again enable us to invest in a differentiated offering. While the rest of the industry constrains its offer by relying on one supplier, we have built our own SSBT to take advantage of the vast product range created for Online. At the same time, our customers will benefit from having a more consistent user experience across our website, apps and the SSBT.

As part of Online's continued gaming innovation, we have launched the most comprehensive 'destination gaming' platform in the industry. Alongside our popular Vegas product, we now offer Asian-themed gaming in 'Macau' and the more high-end 'Mayfair' experience, with exclusive content and more themed or branded live dealer tables.

We also built our own bonus engine to support Vegas, Macau and Live Casino, giving this platform a market-leading bonusing capability for the first time. Net revenue from the Vegas product suite grew 20% in 2015.

Taking control of our front-end: a major step forward

Our major technology achievement to date is Project Trafalgar. This was a significant step forward in William Hill's technology strategy, giving us control of our front-end customer interfaces.

Our Sportsbook, like many others, uses OpenBet's software, comprising 'back-end' functions like the betting engine and e-wallet and front-end interfaces like the desktop website, supplemented by Mobenga's apps. Under Project Trafalgar, we built a proprietary service layer and APIs between the front-end and the back-end then refreshed the front-end interfaces: the desktop site, the mobile website and the iOS and Android apps. We started rolling these out in October 2015 and will complete in 2016.

This will deliver many and varied benefits over the coming years, including faster site loading times, rapid innovation launches, continuous optimisation of user journeys, better cross-sell and vastly improved customer data.

OUR SCALE AND THE CASH FLOWS FROM OUR RETAIL BUSINESS MEAN WE CAN INVEST IN BUILDING INCREASINGLY BESPOKE AND PROPRIETARY TECHNOLOGY PLATFORMS TO SUPPORT THE GROUP. WHILE MANY COMPETITORS CONTINUE TO RELY ALMOST EXCLUSIVELY ON THIRD-PARTY SOFTWARE, THIS HELPS US DIFFERENTIATE THE SERVICE ENJOYED BY WILLIAM HILL CUSTOMERS.

GREAT CUSTOMER EXPERIENCE DELIVERED RESPONSIBLY

Using data to improve customer control

As part of our ongoing responsible gambling improvements, in April 2015 the betting shop industry implemented ‘the £50 journey’. This change requires shop customers staking over £50 on gaming machines either to use account-based play or to gain authorisation from shop staff and is intended to improve customer interaction and encourage more conscious decision-making.

In addition to allowing customers to access real-time information about their session play, which can reduce biased or irrational decisions, it also gives us more information on customer patterns. These data support the ABB’s Player Awareness System, a world first in retail betting, which aims to help people avoid gambling-related harm. This system assesses customer behaviour against a range of markers identified through research commissioned by the Responsible Gambling Trust. Alerts can be sent to customers by text, e-mail or on-screen with signposting to responsible gambling tools such as ‘Set Your Limits’ on machines or self-exclusion, and directing customers to the National Gambling Helpline or gambleaware.co.uk or to speak to the shop team. In addition, we are using in-house developed analytic algorithms that will keep improving the effectiveness of our engagement. Responsible gambling training for our shop teams helps colleagues understand these markers of harm and how to approach a customer who exhibits any of them.

Developing our responsible gambling tools

At the same time, we continue to work on improving the tools we provide to customers.

The industry’s inaugural GambleAware weeks were held in January and June 2015 to raise awareness. These were further supported by national TV advertising campaigns, increased responsible gambling advertising after 9 p.m. in shops and devoting 20% of shop windows to responsible gambling messages.

Having introduced ‘Set Your Limits’ on machines in 2014, we took this tool a step further by requiring customers to make an active choice on whether to set limits before play as from January 2015.

In Glasgow and Chatham we have undertaken pilot schemes to extend self-exclusion across operators, taking the best practices we have developed and collaborating with the industry to develop a national scheme to meet the Gambling Commission’s target date of April 2016.

In Online, our new ‘gambling controls hub’ provides easy access to responsible gambling information and tools. This includes automatic self-exclusion, enabling customers to request immediate self-exclusion without having to contact customer services. A ‘time out’ can also be requested via customer services for a short-term account closure and customers can now set weekly and monthly deposit limits within their accounts, in addition to the daily deposit limits previously offered at registration.

OUR GOAL IS TO FOSTER A LIFELONG RELATIONSHIP WITH OUR CUSTOMERS, JUST AS WE HAVE IN MANY OF OUR BETTING SHOPS. PART OF ACHIEVING THAT IS ABOUT HELPING OUR CUSTOMERS TO GAMBLE RESPONSIBLY AT ALL TIMES, GIVING THEM THE TOOLS AND INFORMATION THEY NEED TO ENSURE THEIR GAMBLING DOES NOT GET OUT OF CONTROL.

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 mobile growth in Online and digital growth in Australia.

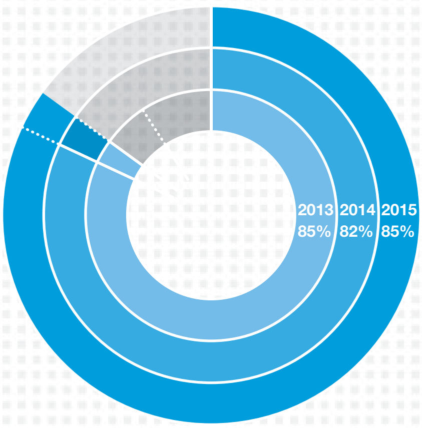
We have made good progress against our diversification strategy over the last three years. Since 2012, we have increased the proportion of non-UK revenues from 9% to 15% of Group revenue, although this was lower than in 2014 as Online's non-core markets declined. Our successful transition into mobile has driven strong Online growth, with mobile Sportsbook revenues up 24% and mobile gaming revenues up 36% in 2015.

Within William Hill Australia, digital revenues grew 8% in 2015 on a local currency basis.

Given the volatility in our revenues driven by the ebb and flow of sporting results, we do not provide 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 22.

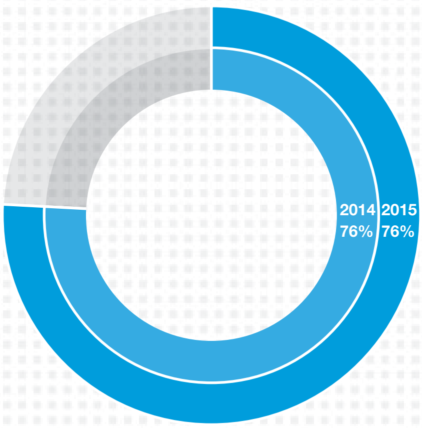
International diversification

REDUCING RELIANCE ON UK-DERIVED REVENUE



Digital and international diversification

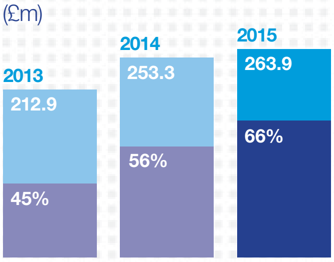
DIGITAL AS A PERCENTAGE OF AUSTRALIA REVENUES[1]



Digital diversification

INCREASING MOBILE AS A PERCENTAGE OF SPORTSBOOK REVENUES

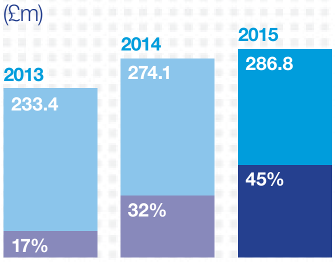
(£m)



Digital diversification

INCREASING MOBILE AS A PERCENTAGE OF ONLINE GAMING REVENUES

(£m)

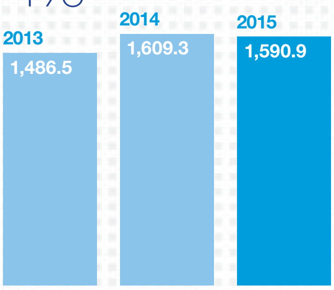


[1] 'Digital' in relation to Australia is defined as revenues generated outside the BDM business (see glossary).

GROUP KPIs

Net revenue[2]
(£m)

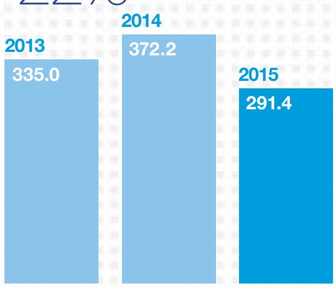
-1%



Net revenue[1] 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. Group net revenue[1] was 1% lower, reflecting the lack of a major international football tournament in the period, less favourable sporting results in Retail and extensive work to refocus the Australian business on the faster growing recreational customer base. Online net revenue[1] growth was also slower than in recent years, impacted by performance in non-core markets.

Operating profit[3]
(£m)

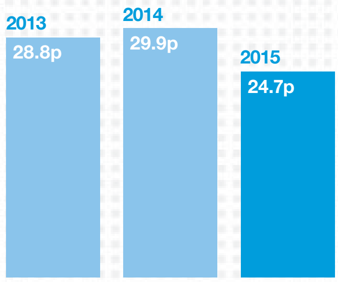
-22%



Operating profit[2] is a key indicator of the Group's success in delivering top line growth while controlling costs. As expected, operating profit[2] declined as the Group incurred c£87m of additional UK gambling taxes following the introduction of POCT in December 2014 and an increase in the MGD rate from 20% to 25% in March 2015. As a result, operating profit[2] declined in both Online and Retail. Operating profit[2] also declined in Australia as we restructured the client base and transitioned to the William Hill brand, and in the US where weaker sporting results more than offset strong wagering growth.

Basic, adjusted earnings per share[4]
(pence)

-17%

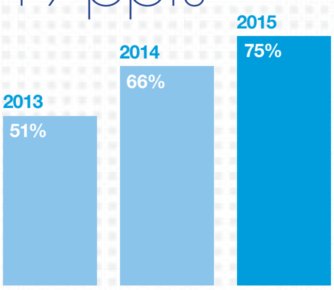


Basic, adjusted earnings per share (EPS) is a key indicator of the Group's growth after allowing for all costs, including interest and tax, but excluding exceptional items and amortisation of specific intangible assets recognised on acquisitions. The decline in EPS reflects the operating profit decline, partially offset by reduced interest costs on the lower average levels of debt and reduced tax resulting from enacted changes to deferred tax rates.

CORPORATE RESPONSIBILITY KPIs

Employee engagement participation
(%)

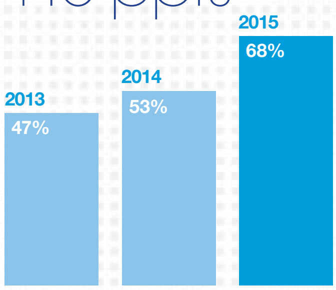
+9 ppts



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 2015, more than 11,000 colleagues participated in the survey, which increased the participation rate to an all-time high of 75%. We saw a further slight improvement in our overall engagement index scores and a strong improvement in colleagues' understanding of how their role contributes to achieving William Hill's strategy.

Retail net promoter score (NPS)
(%)

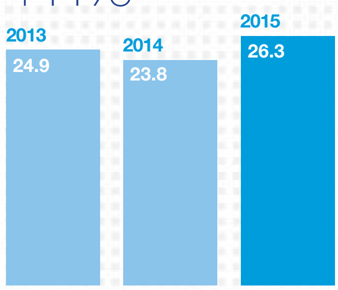
+15 ppts



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 2015, the net promoter score increased again, to 68%. Customer service is central to our vision for Retail and we are using customer service experts from our shop teams to work with underperforming shops through shop visits, and coaching.

Community contributions
(£m)

+11%



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; levies on our UK Retail horseracing and greyhound racing revenues; sponsorships; and charitable donations, including matched donations for colleagues' fundraising efforts. In 2015, charitable donations amounted to £1.2m, including £940,330 to the RGT and £40,295 in matched funding.

2 Net revenue is a term equivalent to the Revenue defined by the statutory accounts on page 106.
3 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.
4 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.

REGULATION AND OUR MARKETPLACE

CHANGING TIMES

REGULATORY CHANGE AND THE NEED FOR SCALE IS DRIVING CONSOLIDATION WITHIN THE GAMBLING INDUSTRY. FOR WILLIAM HILL – ONE OF THE LARGEST SCALE OPERATORS – REGULATORY CHANGE CREATES FURTHER OPPORTUNITIES FOR INTERNATIONAL EXPANSION.

Market overview

Gambling takes many forms and varies from country to country. The industry is made up of government-run operations, licensed monopolies or open commercial markets. In some countries, there is 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 online gambling.

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 while 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, 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. It is particularly 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.

SCALE AND CONSOLIDATION

The importance of having a large-scale operation is increasing. Scale enables investment in marketing and technology whilst being able to absorb the impact of regulatory change and, as witnessed most recently, significant increases in gambling taxes. In our view, investment in technology in particular is key to further developing the customer offering in terms of product breadth and depth, user experience and, above all, personalisation.

TECHNOLOGY

Technology is a key enabler of differentiation. The fastest growing products today are supported by innovations in technology. In the UK, for example, in-play betting and mobile gambling have been key drivers of the growth of the online industry in recent years.

REGULATION

Changing regulation is a key feature of the gambling industry, with many markets now revising their regulatory regime to cater for digital developments. A legal framework typically involves the licensing of companies that are required to comply with a domestic regulatory regime and to pay gambling taxes in return for being allowed to advertise locally. Licensing regimes, such as the UK's, can also focus on key social aims such as encouraging

The UK – one of the most fragmented digital markets – is currently seeing significant consolidation activity, with six significant operators coming together in potential mergers in 2016: Paddy Power and Betfair; Ladbrokes and Gala Coral; and Bwin.Party and GVC.

William Hill is already one of the largest scale operators in the market, with a substantial UK land-based business and one of the leading online businesses.

William Hill's international expansion is benefiting from this scale and expertise to reduce the risks associated with exposure to any one country. We would also expect to see consolidation amongst smaller operators in the UK, where the introduction of the Point of Consumption Tax (POCT) has significantly impacted profit margins, thereby hindering their ability to invest in being competitive with the scale operators.

This requires significant investment in innovation and know-how. The increasing cost of such investment to drive differentiation is more and more favouring the scale operator.

In many countries, land-based incumbents have struggled to capitalise fully on the online opportunity because of these hurdles in terms of technology and expertise.

To date, much of the gambling industry has relied on third-party software suppliers for core technology. Increasingly, the small number of companies that can afford to do so – like William Hill – are looking to control more of the technology themselves in order to bring customers a differentiated offering.

responsible gambling, preventing under 18s from gambling, treating customers fairly and equally and preventing crime. Regulation is a complex area, with each country taking a different approach, but we believe that a competitive and regulated environment drives out illegal gambling and delivers better value for customers in a safe and responsible way. 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. 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 Union legislation that permits the freedom of movement of goods and services. Our response to regulatory change can result in some fluctuations in revenues.

REGULATION AND OUR MARKETPLACE

OVERVIEW OF OUR CORE MARKETS

WILLIAM HILL'S STRATEGY IS TO INVEST IN REGULATED MARKETS WHERE WE CAN TAKE A LICENCE AND DO SO PROFITABLY. APPROXIMATELY 88% OF ONLINE'S REVENUES ARE GENERATED FROM THESE MARKETS. AS THE LEGAL PICTURE IS EVOLVING, WE HAVE A CLEAR LEGAL AND RISK-ASSESSED POSITION ON EACH OF THE MARKETS FROM WHICH WE GENERATE REVENUES.

Our core markets
The UK

The UK is William Hill's primary market, representing 85% of Group net revenue[1] in 2015.

Around 70% of the UK adult population participates in gambling each year including the National Lottery. An estimated 8 million people regularly use land-based and digital gambling each year, equivalent to 17% of the UK adult population. This has increased over time, with the National Lottery and TV advertising making gambling more socially acceptable as a leisure activity while mobile devices are making the product more accessible.

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 2014/15[2]. Between 2010 and 2015, LBO gross gambling yield grew at a compound annual growth rate (CAGR) of 2%[2].

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.

The number of betting shops has stayed relatively stable for some years at around 9,000, having peaked at c16,000 in the 1970s. It declined to c8,800 in 2015 as a number of operators, including William Hill, closed shops in response to the Government increasing gambling duties.

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 currently the largest UK operator with 26% of LBOs and an estimated 31% of revenues. Plans to merge Ladbrokes and Coral have been announced, which would create the largest estate. This is being reviewed by the Competition and Market Authority.

LBOs are still very popular with around 70–80% of UK gamblers, even among the youngest customers. 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 OTC betting. From 1 March 2015, the gross profits tax on gaming machines, Machine Games Duty (MGD), increased from 20% to 25%.

The British LBO 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[3]. 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[3].

The industry makes a positive contribution to local economies, paying business rates, offering flexible working arrangements and providing a meeting place for members of local communities to take part in an enjoyable pastime.

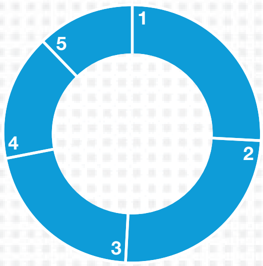
As a well-regulated industry, we also provide a safe environment for gambling activities, with staff regularly trained to identify potential harmful gambling behaviour and to engage with customers to encourage responsible gambling.

We continue to have an active dialogue with the UK 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.

Find out more in our CR Report:
Pages 34–43.

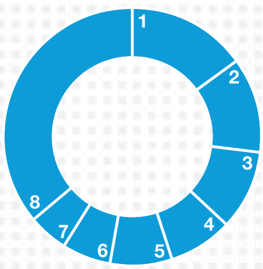
1 Net revenue is a term equivalent to the Revenue defined by the statutory accounts on page 106.
2 Gambling Commission, Gambling Industry Statistics (April 2010–March 2015), November 2015.
3 Measuring the economic contribution of the British betting industry, Deloitte, March 2013.

UK market share by number of LBOs[1]



1. William Hill – 26%
2. Ladbrokes – 25%
3. Coral – 21%
4. Betfred – 16%
5. Other – 12%

UK betting market share by online revenue[2,3]



1. William Hill – 15%
2. Bet 365 – 12%
3. Betfair – 10%
4. Paddy Power – 8%
5. SkyBet – 8%
6. Gala Coral – 6%
7. Ladbrokes – 5%
8. Other – 36%

UK online

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

Since it first became established in 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 led 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.

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 more than 400 operators are 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% of sports betting gross win (gross of free bets).

The UK online market was estimated to have generated £2.7bn of gross gambling yield in 2014, of which sports betting was the biggest contributor. William Hill has an estimated 15% market share by revenues[2].

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 is expected to lead to greater concentration in the market as smaller scale, lower margin operators fall away, become less competitive or consolidate.

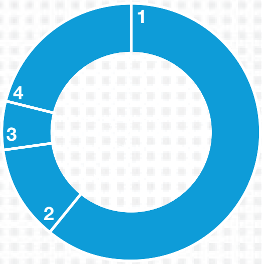
In our view, sports betting has a high barrier to entry, with the most successful operators – like William Hill – benefiting from large-scale specialist teams who produce increasing volumes of innovative betting opportunities, including using proprietary algorithms to derive pricing for new markets. In our view, sports betting is the most important product for attracting and retaining customers in the UK. 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.

Technology has become a barrier to entry with significant investments required to support delivery of a high-quality, seamless and differentiated user experience across multiple access channels. Differentiation of the product range is also important and companies such as William Hill are increasingly developing and sourcing exclusive and proprietary gaming content for customers.

1 Gambling Commission Industry Statistics April 2010 – March 2015.
2 Gambling Compliance, UK Online Market Share, October 2015.
3 This chart shows market share as at October 2015, prior to the merger of Paddy Power Betfair in 2016.

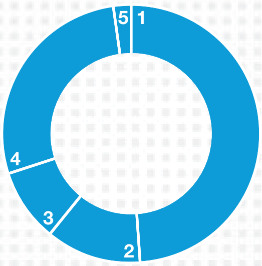
REGULATION AND OUR MARKETPLACE

Gross gaming yield by product[1]



1. Poker – 61%
2. Lottery – 12%
3. Casino table games / Keno – 6%
4. Betting – 21%

The structural growth of sports betting[1]



1. Horseracing – 49%
2. Trots – 12%
3. Greyhounds – 9%
4. Sports – 28%
5. Other – 2%

Our core 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 in 2014–2016 given the shift to mobile and high smartphone penetration rates[2].

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[3].

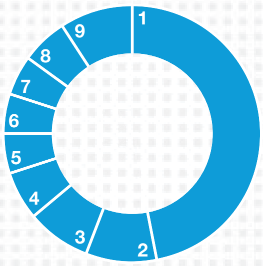
Betting on sports has grown to 28% of the online market, particularly on Australian and American professional sports. However, betting continues to be dominated by racing. Online in-play betting and gaming are banned under the 2001 Interactive Gambling Act but are permitted via a telephone line.

In 2015, William Hill became the first company to launch an in-play offering via digital devices in a way that is consistent with the Act. In 2015, the Australian government commissioned a review of the Act with a view to potentially updating it to reflect the current technological landscape.

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 – accounting for the majority 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.

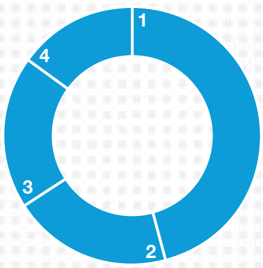
Sources:
1 Roy Morgan Research, State of the Nation (September 2014).
2 H2GC.

Italy online Sportsbook market share by turnover[1]



1. Bet 365 – 47%
2. William Hill – 9%
3. Eurobet – 8%
4. Lottomatica – 6%
5. Sisal – 5%
6. Snai – 5%
7. Bwin – 5%
8. Paddy Power – 6%
9. Other – 9%

Spain online Sportsbook market share by turnover[2]



1. Bet 365 – 46%
2. Bwin – 20%
3. William Hill – 19%
4. Other – 15%

Our core 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, Spain and Ireland.

Italy is the largest of the European gambling markets, with spend per capita on gambling the second highest among the top ten regulated markets, behind only Australia.

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 further liberalisation of regulation, for instance introducing the Palinsesto Supplementare, which has gradually allowed operators to expand their sports betting offerings. The market was initially dominated by the land-based incumbents but these regulatory changes 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. In 2015, Spain regulated online slots games for the first time. With no prominent land-based sports betting incumbent, the market is led by the major European operators.

Our core markets 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 continues to seek ways to challenge PASPA and enable land-based sports betting in the state. William Hill has an agreement in place with Monmouth Park in the event that sports betting is permitted in New Jersey. There has been increased focus on the sports betting legalisation debate, prompted in part by the increasing popularity of Daily Fantasy Sports Betting.

Other non-core markets

William Hill also generates revenues in other countries outside of our core five markets by providing online sports betting and gaming activities. There are approximately 100 countries within this category. These markets make up c4% of Group revenue. We take regular legal assessment of whether existing regulations allow us to provide these services. As legislation is updated, we then either apply for a licence or withdraw from the market.

Sources:
[1] Agimeg and AAMS, July 2015.
[2] DGOJ, company estimates.

DIVISIONAL OVERVIEW

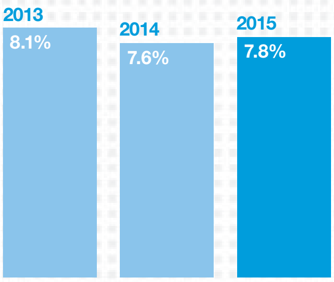
CONTINUED PROGRESS

ONLINE

ONLINE GENERATED 35% OF OUR REVENUE IN 2015 AND EMPLOYS AROUND 1,300 PEOPLE IN GIBRALTAR, THE UK, ISRAEL, BULGARIA, ITALY, SPAIN AND THE PHILIPPINES.

Sportsbook gross win margin
(%)

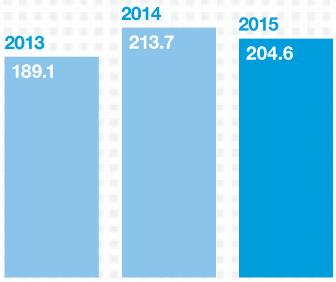
+0.2 ppts



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 2015, the gross win margin was 0.2 percentage points higher year-on-year at 7.8%. This comprised an in-play margin of 5.4% (2014: 5.3%) and a pre-match margin of 9.7% (2014: 9.3%).

Revenue per unique active player
(£)

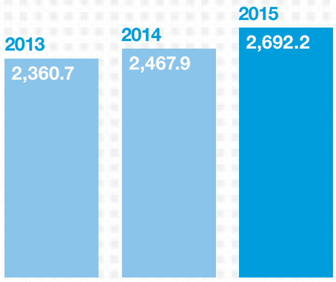
-4%



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 4% higher in 2015, with Sportsbook up 4% and gaming up 5%. Net revenue per unique active player was weaker in 2015.

Unique active players
(no. in '000s)

+9%



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 9% in 2015. Strong growth was seen in the two key products – Sportsbook and the Vegas product suite – and in the core markets, being the UK, Italy and Spain.

WHAT WE DO

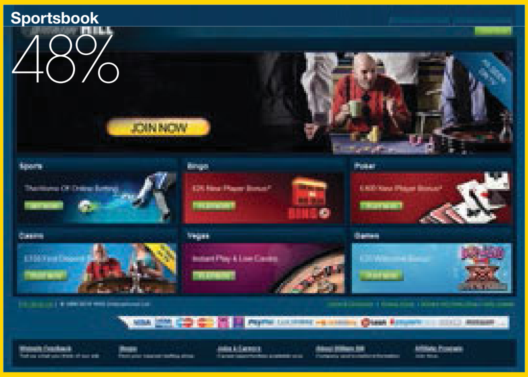
William Hill is one of the leading online gaming and betting providers to UK customers, and is also a top three online sports betting operator in Italy and Spain. With more than a million betting opportunities on offer every week, we provide in-play and pre-match sports betting, and a wide range of gaming products.

Online revenues[1] split by territory

UK	Italy and Spain	Other
79%	9%	12%

Online net revenue[1] split by product

Sportsbook
48%



Casino
46%

Poker
2%

Bingo
4%

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 implementation of the Point of Consumption regime in 2014. As a leading operator with a competitive product range, user experience and marketing investment, William Hill is well placed to benefit from this market reshaping. As this represents a unique opportunity to gain more market share, we have continued to invest in our operations and capex to deliver differentiation but have driven 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, and mobile betting and gaming continues to be a major focus for us. It now accounts for 56% of Sportsbook turnover and 41% of 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 88% of Online's net revenues[1] in 2015 came from the UK, Spain and Italy. The remaining revenues are spread across a large number of other countries. In 2015, we closed five markets and revenues were also impacted by government action in other countries.

In Italy and Spain we are investing substantially in marketing to drive revenue growth and market share. We have rapidly gained market share in both countries.

Performance review

During 2015, Online incurred an additional £66.4m in UK POCT following its introduction on 1 December 2014. This was the driver of the year-on-year profit decline. Excluding that additional cost, operating profit[2] would have grown 9%.

Online's principal focus during the year was on launching a new mobile website and iOS app, which went live in October. This is one of the last stages of Project Trafalgar, under which we have built a technology platform that enables us to control our front-end customer interfaces. We are in the process of launching our Android app and will roll out the desktop experience after the Euro 2016 football tournament.

By taking control of our front-end customer interface, we are able to deliver much faster customer innovation, which we believe is key to further differentiating our customer offering and, ultimately, delivering a much more personalised customer service. In addition, the new platform enables faster loading times, an expanding product range and continuous improvement of user journeys. We have already seen such benefits, including rapid and frequent updates to the app, significantly faster app loading times, improved mobile registration conversion and higher cross-sell from sports into gaming.

We also continued to enhance our market-leading position in gaming with a unique 'destination gaming' experience. In November, we launched our Macau site, providing exclusive and proprietary Asian-themed content. We have also launched new Live Casino for Vegas, Macau and Mayfair, supporting the destination gaming strategy. Our Vegas product suite grew net revenue 20% in 2015 and now accounts for 66% of our casino revenues. In the second half, we started the roll-out of our in-house developed Bonus Engine, which is further enhancing the competitiveness of products like Vegas and Live Casino with market competitive acquisition bonus capabilities.

Online also collaborated with entrepreneur L Marks, a company that manages corporate accelerators, on a highly successful incubator programme, the first in our industry. The winning company, BetGame, received £150,000 of investment to further develop its eSports betting concept and an ongoing partnership with William Hill to roll out the product in 2016.

At the end of October, along with the rest of the industry we implemented additional responsible gambling measures required under the Gambling Commission's revised Licensing Conditions and Codes of Practice.

This includes measures such as automatic self-exclusion, a 'time out' feature for short-term account closure and additional deposit limits. Although very early days, we are seeing an impact, for instance through increased self-exclusion rates, though any long-term effect is not yet clear.

Online's core markets continued to perform well, with Sportsbook amounts wagered up 7%, and gaming net revenue[1] up 15%. Within this, UK net revenue[1] was up 11%. In local currency terms, net revenue[1] in Italy and Spain was up 28% and 13%, respectively. The two together made an operating loss of £0.4m and Italy achieved profitability for the first time in 2015.

However, outside our core markets net revenue[1] declined as we closed five markets and saw foreign exchange and regulatory changes or other government measures impact performance. Within this, there was a 1% decline in Sportsbook amounts wagered and a 30% decline in gaming net revenue[1]. Other markets now represent only c12% of Online net revenue, down from 17% in 2014. Over time, we would expect this to continue to change as we focus our investment behind growing our core markets.

The gross win margin was in line with expectations at 7.8%.

Pre-exceptional cost of sales increased 147%, principally due to an additional £66.4m of POCT. Operating costs were flat year-on-year.

Marketing costs were £120.6m (2014: £132.1m), with a 3% increase in spend in the UK, no World Cup investment, and lower spend in other markets linked to lower net revenues levels. During the year, we secured our preferred live TV advertising assets for the 2015/16 football season and for the EURO 2016 football tournament.

Telephone's performance:

Telephone made an operating loss[2] of £1.2m in the period (2014: £0.8m loss). Amounts wagered were up 7% and net revenue[1] was up 5% to £12.4m (2014: £11.8m) with a gross win margin of 5.8% (2014: 6.0%). Operating costs decreased by 8%. From 2016, Telephone's performance will be included within the Online segment, which oversees that business.

1 Net revenue is a term equivalent to the Revenue defined by the statutory accounts on page 106.
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

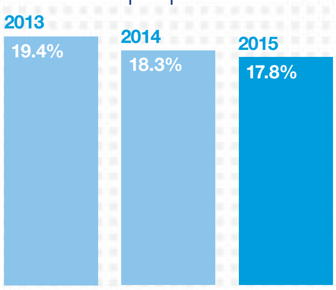
CONTINUING TO LEAD

RETAIL

RETAIL IS THE LARGEST WILLIAM HILL DIVISION, GENERATING 56% OF OUR REVENUE IN 2015 AND EMPLOYING AROUND 12,200 PEOPLE IN THE UK.

OTC gross win margin (%)

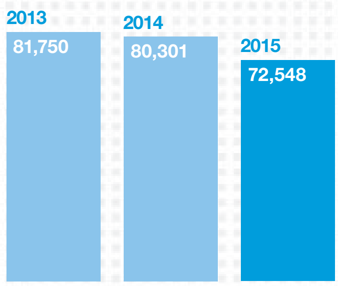
−0.5 ppts



This KPI gives an indication of how sporting results have affected our performance during the year. At 17.8%, the gross win margin was 0.5 percentage points lower than the prior year but within our normalised range of 17–18%. Over-the-counter wagering declined in 2015 in the absence of a major international football tournament.

Average profit per LBO (£)

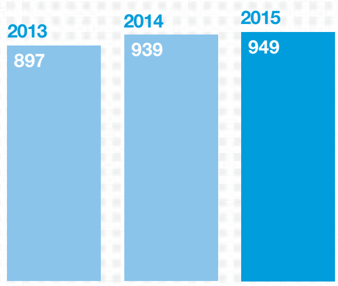
−10%



This KPI reflects the average profitability of the Retail business. Retail net revenue[1] declined 2% with OTC net revenue down 4% and gaming machine net revenue down 1%. Cost of sales was 6% higher, with £19.1m of additional tax costs following the increase in the MGD rate from 20% to 25% on 1 March 2015. Operating costs were down 3%, primarily as a result of the 2014 exceptional shop closures. Overall, operating profit[2] was 11% lower at £171.4m, largely reflecting the additional MGD cost. Retail's performance overall impacted by closure of the 108 shops in 2014, with the average number of LBOs being 2% lower at 2,363. Average profit per LBO also declined by 10% to £72,548. Gross win margin was 0.5 percentage points lower but within the expected range.

Average gross win per machine per week (£m)

+1%



This KPI reflects the trends in the underlying growth in gaming machine net revenue[1]. Based on an average of 9,299 machines, the average gross win per machine per week was 1% higher at £949, benefiting from the closure of 108 shops in 2014 with lower average gross win per machine per week. The machine density was unchanged year-on-year at 3.94, with a maximum of four machines allowed per shop. Gaming machine net revenue declined 1%, impacted in H1 2015 by the roll-out of the new Eclipse cabinet, a freeze on the release of new games and implementation of the '£50 journey'.

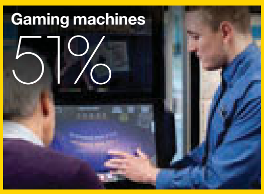
WHAT WE DO

Retail is a highly cash-generative business and, over time, we have substantially evolved its product range to deliver what customers want. LBOs have proven resilient in the face of both the economic downturn and the rapid growth of digital gambling over the last 15 years.

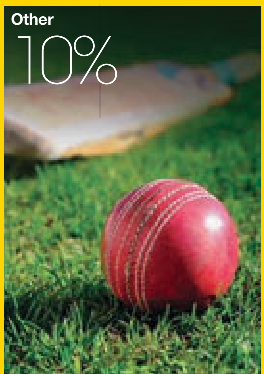
Retail net revenue[1] split by product

Horse racing
20%

Gaming machines
51%



Other
10%



Football
11%

Greyhounds
8%

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 0.5%–1% per annum. This slowed as the Government changed 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 28% of our Retail capex in 2015.

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 regular customers also gamble in LBOs and 28% of our regular Retail customers gamble online. We are using new technology such as SSBTs 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 430 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

As part of our ongoing responsible gambling improvements, in April 2015 we implemented the '£50 journey', requiring customers staking over £50 on gaming machines to use account-based play or gain authorisation from shop staff to improve customer interaction and encourage more conscious decision-making. We also implemented the ABB's Player Awareness System, which assesses customer behaviour against a range of markers identified through the Responsible Gambling Trust research, and are using in-house developed analytic algorithms to keep improving the effectiveness of our engagement with customers. Finally, we worked with the industry to develop a national, cross-operator self-exclusion scheme that will be rolled out shortly.

Performance review

During 2015, Retail paid an additional £19.1m in MGD as the rate increased from 20% to 25% on 1 March 2015. This was the principal driver of the year-on-year profit decline, excluding which operating profit would have declined only 1%.

In spite of the rapid growth of digital gambling, licensed betting offices (LBOs) remain the channel of choice for the majority of UK customers and Retail continues to be a resilient and highly cash-generative business. Our omni-channel strategy focuses on maximising the large footprint we have in both LBOs and online to target the increasing proportion of customers who are using both digital and land-based channels to bet.

We are working towards a 'one customer' proposition that gives William Hill customers a more consistent and joined-up experience online, on their mobile devices and in shops.

A major step in this strategy is the SSBT, which enables us to bring one of our competitive advantages – our broad product range – to Retail customers. Using Online's Trafalgar platform, we have developed a proprietary SSBT. This will benefit from both Online's broad product range and product pipeline and a user experience that shares many features with williamhill.com. Our SSBT is currently being tested in-shop to ensure stability, and will be rolled out in 2016. Customer feedback so far has been positive. Our target is to have an initial 500 SSBTs in key shops for the EURO 2016 football tournament. During the coming year, we will develop ways to further enable customers to move funds between channels.

During the year, we implemented a new content improvement strategy, which included sourcing games through five new supplier contracts. We are now releasing, on average, one game every two weeks and saw gaming machines return to growth in Q4 2015, which was continued in 2016.

We continue to open new shops although the rate of openings has slowed since the Government implemented changes to planning regulations that place bookmakers in a sole use class. We opened 25 shops in 2015, closed 16 and resited seven. The number of shops at the end of the period was 2,371 (2014: 2,362).

[1] Net revenue is a term equivalent to the Revenue defined by the statutory accounts on page 106.
[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

INTERNATIONAL GROWTH

AUSTRALIA

WILLIAM HILL AUSTRALIA GENERATED 6% OF REVENUES IN 2015 AND EMPLOYS AROUND 250 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 double digit rates, 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 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 expanded the product range with both more local market content and, through our Global Trading Platform, content from a much wider range of sports from Europe and the US.

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 and are now releasing innovations more rapidly than major competitors.

Performance review

Australia is a very attractive opportunity, with structural growth driven by betting on mobile devices, in-play, fixed odds betting and sports products. We are targeting the mass market, recreational customer base, who are generating the fastest growth rates.

We have continued to develop our brand, product and user experience during 2015. We successfully migrated the Sportingbet and tomwaterhouse.com customers to William Hill in March 2015 and January 2016, respectively.

We improved the product range by being the first to launch in-play betting in Australia, expanding our local market product range and implementing the Global Trading Platform in time to support our Australian Open sponsorship. We launched our new app in September and it is now one of the highest rated betting apps in the Australian App Store. In the second half, we achieved A$7m of annualised savings from an operational restructuring which we have reinvested in expanding the product and IT team from 38 to more than 150 people. Owning and managing our technology platform in-house is a major competitive advantage as it speeds up our delivery of innovations. Since Q4 2015, we have been seeing the benefits of these changes start to translate into improved operational performance.

The decline, however, in the performance of the business year-over-year reflects primarily the amounts wagered decline as we implemented client management and trading changes to address unprofitable turnover following race field fee increases, and the transition to the William Hill brand. The gross win margin has structurally improved from c9% to c11% reflecting the client management and trading changes. Net revenue[1] declined faster than gross win as we increased our proportion of free bets to a more competitive level, from 0.5% of amounts wagered to 1.3%.

Operating costs (in local currency) were higher with additional marketing costs for the brand launch and additional depreciation and amortisation reflecting higher capital investment levels. Operating profit[2] declined as a result of the topline change and reported operating profit was further impacted by an 11% decline in the average value of the Australian dollar against sterling year-over-year.

US

WILLIAM HILL US GENERATED 2% OF REVENUES IN 2015 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, and was rebranded as William Hill.

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 103 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, developing the mobile app 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.

In 2015 we became a member of the American Gaming Association (AGA) and are working with them on routes to challenge the federal ban.

Performance review

William Hill US continues to perform strongly with growth from amounts wagered up 36% (local currency: +26%). Net revenue[1] was 12% higher (local currency: +5%) at £33.3m (2014: £29.7m) with a more normalised gross win margin of 6.5% (2014: 7.9%). Operating costs were 21% higher (local currency: +13%) and operating profit[2] was down 5% (local currency: -11%) to £9.2m (2014: £9.7m).

1 Net revenue is a term equivalent to the Revenue defined by the statutory accounts on page 106.
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.

CORPORATE RESPONSIBILITY

LEADING RESPONSIBLE GAMBLING

RESPONSIBLE GAMBLING CONTINUES TO BE A MAJOR FOCUS FOR THE GROUP AND WE HAVE TAKEN A NUMBER OF STEPS BOTH TO IMPROVE THE TOOLS AVAILABLE TO CUSTOMERS AND TO SHARE AND ENCOURAGE BEST PRACTICE.

Good progress in priority areas in 2015

In 2015, we have worked on a cross-operator self-exclusion trial with a view to implementing nationally in 2016, rolled out our 'Linked' card scheme for those staking over £50 on gaming machines and developed gaming machine and online behavioural analytics that support more effective interaction with customers and using markers of harmful behaviour.

We created a Group Compliance Committee and a Group Anti-Money Laundering Steering Committee, and implemented a bespoke incident management system to improve data management and analysis.

We also developed a new approach to community engagement, Close to HOME. This recognises that we are both an international business and a very local one, with 'homes' in almost 2,500 communities across the UK, Gibraltar, Tel Aviv, Manila, Sofia, Milan, Madrid, Sydney, Darwin and Nevada.

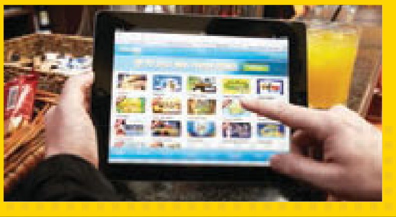
In this year's report, in addition to our regular updates relating to our customers, colleagues and communities, we are providing an in-depth view on four key areas.

ENCOURAGING RESPONSIBLE GAMBLING

Find out more:
Page 35

PROTECTING OUR CUSTOMERS' DATA

Find out more:
Page 36



LEADING SPORTS BETTING INTEGRITY

Find out more:
Page 36

CONTRIBUTING TO OUR COMMUNITIES

Find out more::
Page 37

ENCOURAGING RESPONSIBLE GAMBLING

On pages 18 and 19, we provide an overview on the changes we introduced in 2015 to continue improving our responsible gambling measures.

Responsible gambling remains a key priority for us. Problem gambling is a very complex area and the Responsible Gambling Strategy Board, continues to focus on defining gambling-related harm. We recognise that this is not confined to addictive gambling but also extends to 'at risk' gamblers, who may simply spend too much time and money gambling. In many cases, people experiencing problems respond well to responsible gambling messaging and signposting to support services.

Research shows that any gambling product has the capacity to cause harm to a minority of customers. However, we recognise the level of public concern around gaming machines and have, therefore, not only ensured that we are fully compliant with the Gambling Commission's Licensing Conditions and Codes of Practice but also implemented further responsible gambling measures, including the Codes adopted by the Association of British Bookmakers and the Senet Group.

In December 2014, the RGT published research that showed it is possible to identify signs of potential gambling-related harm, with 15 of the 19 markers applicable to gaming machine play. In April 2015, we implemented 'the £50 journey', which requires customers staking over £50 on a gaming machine to do so via account-based play using our Linked card or by staking OTC. Using the data collated from account-based play, the RGT research and in-house developed algorithms, it is increasingly possible to identify customers displaying patterns of harmful behaviour. This enables us to interact with both Retail and Online customers at an earlier stage.

When a customer is logged in using their Linked card, their play is 'scored' on a daily basis using the algorithm. This covers all levels of staking, recognising that problems occur across all staking levels, and tracks behavioural change. As part of the monitoring process, we cross-reference against marketing campaign activity and remove all players who are currently under review. In addition, we also review other session play across the Retail estate to identify customers who may be at risk and enable responsible gambling interactions by the shop team.

Online similarly operates daily, weekly and monthly control reports to highlight at risk customers. All customers are profiled on either a two-year rolling period or due to their activity on a particular day.

We are continuing to assess and enhance the effectiveness of these measures, including identifying the optimum channels for communication and the impact of multi-phase messaging.

During the year, we implemented new responsible gambling training for Retail employees. This incorporates an understanding of the markers of harm, how to approach a customer who exhibits any of them and the tools that are available to them. We invested £2m on this training.

OUR PRINCIPLES

Our Group Compliance Committee has published a Group Compliance Policy, which is available on our corporate website. This outlines our approach to compliance in all the regulated jurisdictions in which we operate, which is governed by three fundamental principles:

– fairness and transparency for our customers, believing that customers should enjoy our gambling products having exercised informed choice;

– the children and the vulnerable, including 'at risk' and problem gamblers, should be adequately protected from the potential harmful effects of gambling or excessive gambling; and

– all reasonably practical steps should be taken to ensure that we do not accept money from customers who are using the proceeds of crime to facilitate their gambling.

In considering our approach to business in a particular jurisdiction, we will not just consider the relevant laws or regulations but will also look to apply these fundamental principles. When we consider that industry standards fall short of these principles, we will actively campaign for the raising of those standards across the industry.

PROTECTING OUR CUSTOMERS' DATA

Cyber crime is now one of the key risks facing companies, particularly digital companies who hold sensitive customer data. We take the security of our customers' data very seriously throughout the Group and have invested in an ongoing programme of security reviews and testing.

Both our Retail and Online operations are certified compliant with the Payment Card Industry's data security standards. We undertake annual security audits for our regulators and in 2015 extended our security compliance monitoring for key third-party suppliers.

We have also implemented several innovative and leading-edge technology solutions in order to enhance our security monitoring and response capabilities. These have enabled us to respond quickly to evolving threats.

Through awareness initiatives, we reviewed our information security practices in the Customer Services teams and have been embedding secure development and security testing practices with our internal development teams.

The external security threats that we face are becoming increasingly sophisticated and rapidly evolve. It is important that these threats are proactively assessed so that our response and controls can be adapted in line with the risk.

As part of this, we have actively engaged with the UK Government-sponsored Cyber Security Information Sharing Partnership and participate in a cyber threat-sharing forum for our sector.

We also work with a number of partners to manage these threats, which include denial of service attacks and unauthorised attempts to access our systems or customer accounts. Our dedicated Security Operations team is alerted to and investigates suspicious activity. In 2015, we successfully mitigated multiple cyber threats against our websites and networks.

LEADING SPORTS BETTING INTEGRITY

We strongly believe that licensed and regulated companies can help to address a wide range of potential gambling-related issues, from fairness to problem gambling to underage gambling.

Sports integrity is one area in which the regulated gambling industry is the first line of defence and we have invested in an integrated strategy to uphold integrity in sports betting. Our internal monitoring mechanisms, particularly within our Trading teams, identify any unusual or suspicious betting activity.

These are reported to relevant regulatory bodies and to ESSA, the sports betting integrity body established by the leading regulated sports betting operators to monitor suspicious betting patterns.

Reports made to ESSA by one operator are assessed by the trading teams of other operators within an hour to identify wider issues and determine a rapid response. ESSA also shares information with the relevant regulators and sporting authorities, and has information-sharing agreements with a large number of sports government bodies, including the IOC.

Integrity is a core part of the relationship we build with sports bodies when we undertake sponsorship agreements with them.

We have established a number of memoranda of understanding with individual sports governing bodies, including the British Horseracing Authority, the Scottish Football Association, the English Football Association and the Tennis Integrity Unit. We support sports bodies in the sharing of best practice and have hosted visits from a number of sports to explain our procedures for identifying suspicious patterns.

William Hill is a member of the Gambling Commission's Sports Betting Integrity Forum, which in 2015 published its Sports Betting Integrity Action Plan and launched a new website to provide support and best practice guidelines.

CONTRIBUTING TO OUR COMMUNITIES

In 2015, we started to roll out our new community strategy. Having largely completed our goals under our major international project, Project Africa, we have refocused our resources on the local communities in which we operate, drawing inspiration from the work already being voluntarily undertaken by many colleagues from across the William Hill world.

We have focused our efforts on three areas that draw on the passion and skillsets that already exist within William Hill: sport; skills and opportunities; and local community.

During the year, we piloted nine community projects in the UK under our 'Close to HOME' banner. Teams from Aberdeen, Birmingham, Bristol, Glasgow Leeds, London and Swansea were encouraged to engage with a local charity and support them either financially or through giving time and help.

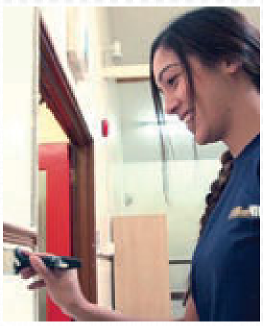
The wide range of projects included supporting hospices and centres for the homeless and elderly, repainting a community hall, running customer service workshops for young adults with learning difficulties, creating starter packs of household goods for former homeless people moving into new homes and fundraising to keep a boxing club open for the local community.

We are taking the learnings from these pilot projects to develop a framework to support other projects, both in the UK and internationally, again building on the work already enthusiastically undertaken in many of our locations.

At the same time, we have engaged with a number of other charities within our three priority areas. Helping people get into work is becoming a key theme, as is support for sports like boxing which help local communities and young people. For instance, our William Hill Foundation patron, Robbie Savage, is helping us support our partnership with Our Club, where we are working on employment programmes in Swansea and, in due course, London and the North-East.

CLOSE TO HOME

In 2015, nine UK teams came together to build relationships with charities in their local communities as a pilot project. The approach will be rolled out across the Group in 2016.



CUSTOMERS

AS WELL AS STRIVING TO PROVIDE OUR CUSTOMERS WITH A GREAT EXPERIENCE, WE AIM TO ENCOURAGE THEM TO GAMBLE RESPONSIBLY, TO TREAT THEM FAIRLY AND TO PROTECT THE VULNERABLE.

Protecting vulnerable persons

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

In the UK, the levels of problem gambling are stable or may even be slightly declining. These levels are also low by international standards, with c0.6% of the adult population having a propensity to have a problem with gambling.

However, we are not complacent and, as outlined on pages 18 and 19, we have undertaken a number of important changes in 2015 and continue to do so, further building on our existing measures to help customers gamble responsibly. This includes a national self-exclusion trial, using data to identify possible harmful patterns of play, training our colleagues to engage with customers, mandatory 'Set Your Limit' interactions, and enhanced 'Know Your Customer' and age verification processes for Online.

We now provide a wide range of tools and processes to help our customers to stay in control, including:

- enabling gaming machine customers to set limits on their time and spend;
- enabling Online customers to set daily, weekly and monthly deposit limits and to restrict the products on which they play;
- facilitating self-exclusion;
- encouraging customer staking over £50 on a gaming machine to be transacted via account-based play or after gaining authorisation from LBO staff;
- applying risk-based customer due diligence; and
- conducting responsible gambling interactions with 'at risk' customers by trained staff.

Our omni-channel approach means these responsible gambling controls apply across both Retail and Online.

Our age verification measures are very robust to ensure that under 18s do not gamble with us. Third-party testing of our 'Think 21' approach in the LBOs led to successful challenges in 85% of cases, with 74% of challenges occurring upon first entry into the shop. This places us well among other retail peers and among the very highest performing age verification industries, including those selling alcohol on the high street.

Treating customers fairly and openly

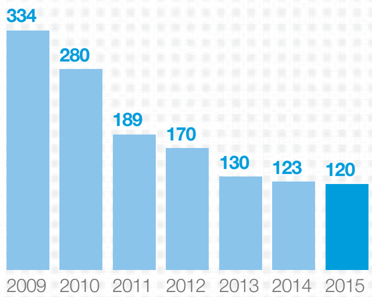
We strive to ensure our rules and terms and conditions are easily available and understandable to customers, and we look to resolve all betting disputes in a fair and consistent manner. In 2015, the number of disputes escalated to the Independent Betting Adjudication Service (IBAS) decreased slightly to 454, with around 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 2015, Retail's Net Promoter Score (NPS) improved again to 68% (2014: 53%).

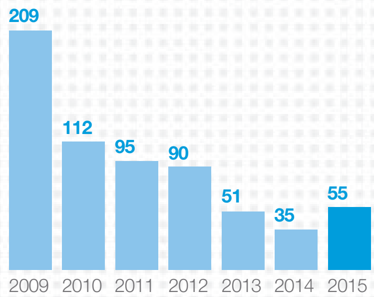
Long-term reduction in crime

We are working hard to reduce the impact of crime on our staff and across the Retail estate. In the last eight years we have achieved significant reductions in crime. The cost of these crimes has also reduced by 86% from £662,000 in 2008 to £93,500 in 2015.

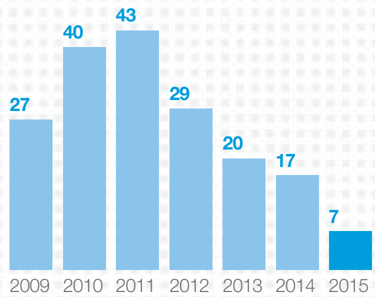
Robberies



Burglaries



Cash-in-transit incidents



Keeping crime out of gambling

Over the last several years, William Hill's comprehensive approach to Retail 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. As discussed on page 36, we have additionally focused on addressing the risk of cyber crime over the last 18 months.

During 2015, we continued to invest in the security of our shops. We implemented an Information Exchange incidence management system to enhance reporting analytics for security and health and safety incidents as well as the 2,600 security risk assessments and 2,400 business protection reviews we conducted during the year. StaffSafe was installed in a further 660 LBOs, bringing the total to 2,000, and the roll-out will be completed in 2016.

We have further enhanced this system by giving the third-party support agency access to our CCTV network to improve their ability to tackle challenging situations. Our Security Investigators' training course has received external recognition by the Institute of Leadership and Management, meaning all our Security Investigators receive Level 3 accreditation.

There continues to be significant attention to money laundering. In June 2015, the European Parliament passed the 4th EU Money Laundering Directive, which may bring retail bookmakers under its auspices for the first time. We contributed to HM Treasury's and the Home Office's national risk assessment of the money laundering and terrorist financing risk in the UK as part of the Government's preparedness for implementing the Directive. Retail betting and gaming were classed as low risk activities. The impact on the UK gambling sector will be finalised during 2016. The Gambling Commission is consulting with the industry and stakeholders on its licensing conditions and codes of practice in relation to money laundering measures.

We established a new Group Anti-Money Laundering Steering Committee in 2015 to support the sharing of best practice across the Group. The Committee focused on improving customer monitoring across Retail and Online, including customer profiling and detailed checks on debit card transactions. We also played a pivotal role in creating the industry's Gambling Anti-Money Laundering Group, modelled on the financial service sector's equivalent. It will produce industry good practice guidelines.

In 2015, we submitted 352 Suspicious Activity Reports (SARs) to either the National Crime Agency or the Gibraltar Financial Intelligence Unit (2014: 325). There were 435 law enforcement or financial institution enquiries received that required investigation (2014: 411).

A SAR is submitted where we suspect that a gambling transaction may be sourced from the proceeds of crime, but does not constitute substantive evidence of money laundering. We might consider saying the majority of SARs are not linked to gaming machines which themselves are fitted with anti fraud software to detect unusual transactions.

COLLEAGUES

ENGAGED COLLEAGUES ARE CRITICAL TO OUR SUCCESS AND THE QUALITY OF THE EXPERIENCE ENJOYED BY OUR CUSTOMERS. WE INVEST IN CONTINUOUS DEVELOPMENT OPPORTUNITIES FOR ALL COLLEAGUES AND ENCOURAGE A WIDE RANGE OF EXPERIENCE AND INSIGHT THROUGH OUR DIVERSE WORKFORCE.

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 for the 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 11,000 colleagues participated worldwide, with our highest ever participation rate at 75%. The highest score related to effective training, customer focus and relationships with managers. We saw further improvement around line of sight between an individual's role and the strategy, job security and respect for individual differences. Managers throughout the business have drawn up action plans to further consider the specific points that their respective teams have raised. During the year, health and well-being has been a major focus across the Group in response to work-life balance being highlighted in the 2014 survey.

Development

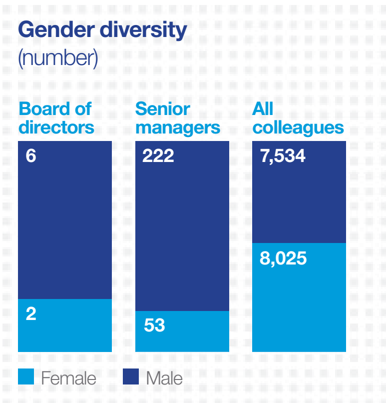
Our approach to talent management and succession continues to be a high priority given the increasing complexity of our international business. We have mentoring schemes, talent development for high potential people, executive coaching and study sponsorships to support people's individual development needs, as well as organised programmes such as the Retail Academy.

The Academy was established in 2012. Around 3,543 colleagues undertook the first stage of the programme – The William Hill Way – in 2015. A further 706 undertook the 'Stepping Up' programme to prepare Customer Service Assistants for Deputy Manager roles and 26 LBO Managers went through 'Taking the Lead' to prepare them for becoming a multi-site manager.

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. The gender diversity across different levels of the Group is shown below.



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 58 directors of subsidiary companies, comprising 46 men and 12 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 most comprehensive 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. William Hill is proud to report that from 1 April 2016 it will be a National Living Wage employer, paying at least the National Living Wage to all UK colleagues over 18.

Health and safety

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

We continue to cement a strong Primary Authority partnership for Health and Safety with Westminster City Council. During 2015, we received assured advice on our health and safety manual and related policy and process advice in all key areas. From this, a national inspection plan is to be developed.

During the year we completed a review of the extended lone working that we introduced in April 2014. This allowed certain risk-assessed shops to operate single-manning during evening hours as service levels demand. Our review demonstrated that our key focus areas, such as security or employee issues, showed no evidence of having been negatively impacted by single-manning.

We continued to focus on addressing anti-social behaviour (ASB) in our shops with 60 ASB workshops held during the year involving 250 LBOs and over 500 employees. These bring together our shop teams, the Security and Operations teams and external agencies such as local police to address the issue.

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.

CELEBRATING COLLEAGUES

In May, 223 people gathered at the Grand Hotel in Brighton from across the William Hill world to recognise the winners and runners-up in our HOME Awards. These were awarded in 12 different categories, from National Shop Team of the Year to Outstanding Contribution to Innovation to Community Champion.

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.

COMMUNITY

Employing 16,000 people in nine countries, William Hill is an international business but our footprint also means we have a strong local presence and we seek to make 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 each year in taxes, providing a meeting place for members of local communities to take part in an enjoyable pastime, contributing to and sponsoring a wide range of sports and, supporting our colleagues' efforts to raise funds for charities.

In 2015, we reviewed our community policy, which is now centred on supporting activities in the local communities in which we operate our businesses, focusing on three key areas:

– sport;
– skills and opportunity; and
– local communities.

Charitable donations

For many years, our colleagues have been active fundraisers for both local and national charities. We continue to match their fundraising and, through the Foundation, matched over £41,160 in funds raised in 2015, supporting 171 colleague events. In addition, we made donations totalling £1,192,039 to 130 charities supported across the Group.

Our principal charitable donation each year is to the RGT to support its intended work in problem gambling-related research, education and treatment. In 2015, we donated £823,000 (2014: £940,000); as this is calculated as a percentage this was lower than in 2014 because our net revenue is lower.

Supporting sport

Betting and sport have a long joint heritage. Since the 1960s, the UK LBO industry has supported the racing industry with a payment levied on our UK horseracing revenues; today, that stands at up to 10.75% of those revenues.

More significantly, we make substantial payments for TV pictures from the race tracks that are broadcast in our shops. In 2015, our Levy payment – including an additional voluntary contribution – was £17.3m while our pictures and data costs in Retail were £71.6m.

We made a voluntary donation of £2.2m to the British Greyhound Racing Fund to help sustain that industry and we sponsor some of the leading greyhound racing events, including the Greyhound Derby.

We also sponsor a number of major sporting events and teams in the UK, Australia and the US. We became the first official betting partner of a grand slam tennis tournament when we partnered with Tennis Australia on the 2016 Australian Open. Our ground-breaking sponsorship deal with the English Football Association comes to end in 2016 after the UEFA EURO 2016 Championship. In Scotland we are the official betting partner of the Scottish national football team and sponsor of the William Hill Scottish Cup. We also sponsor the PDC's World Darts Championship. In the US we sponsor the Haskell Invitational Stakes at Monmouth Park racetrack, which was won in 2015 by the remarkable American Pharaoh, his first win after claiming the Triple Crown.

Environment

We report an emissions figure based on tonnes of CO_2 equivalent (tCO_2e). This includes Scope 1 and Scope 2 emissions, including natural gas consumption, electricity consumption, refrigerant emissions and fuel from company cars.

In 2015, we saw a 9% decrease to 54,100 tCO_2e (2014: 59,606.5 tCO_2e). Within this, Scope 1 emissions were 2,757 tCO_2e (2014: 3,591.7 tCO_2e) and Scope 2 emissions were 51,343 (2014: 56,014.9 tCO_2e).

Since 2013, we have used an intensity measure – tonnes of CO_2 equivalent per £1m of net revenue – to track our performance. In 2015, we saw a year-on-year decrease of 8% to 34.01 as a result of Group net revenue being 1% lower (2014: 37.04)[1]. These data were calculated using DEFRA guidelines and conversion rates.

[1] The 2014 figure is restated as it was incorrectly calculated in the 2014 Annual Report.

THE WILLIAM HILL FOUNDATION

The William Hill Foundation was created in 2011 as a hardship fund to support colleagues during economically challenging times. In 2012, it achieved charitable status. 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.

In 2015, the Foundation provided 17 grants to colleagues at a total cost of £31,000. The Foundation was able to help four colleagues in the Philippines following Typhoon Lando and two colleagues in Cumbria following severe flooding. Since its formation, the Foundation has supported 134 colleagues in times of financial hardship.

Through the Foundation, Project Africa – which was started in 2012 – continues to be supported in its efforts to bring better education, clean water and health facilities to the Ol Maisor village in Kenya. We are in the process of completing a medical facility for the school and village.

PERFORMANCE

		2015	2014	Comments
Customers				
Customer protection	Number of self-exclusions – Retail	**8,152**	7,736	We have continued to improve responsible gambling interactions, supported by training for staff to identify patterns of harmful behaviour. Since October we have provided automatic self-exclusion systems for online customers.
	Number of self-exclusions – Online and Telephone	**23,805**	20,666	
	RIDDOR reportable accidents – customers	**18**	12	RIDDOR reporting changed in October 2013 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	**68%**	53%	Mystery shopper scores in Retail have continued to improve since a new customer service programme was implemented in 2013.
	Disputes referred to IBAS IBAS disputes found in customers' favour	**454** **1.3%**	494 0.6%	Our customers can rely on an independent arbitrator to resolve customer disputes. In around 99% of cases, our original decisions are upheld.
Colleagues				
Protection	RIDDOR reportable accidents – colleagues	**18**	11	RIDDOR reporting changed in October 2013 to require accidents to be reported when they resulted in absence from work for over seven days instead of over three days.
	Incidents of violence in the workplace	**252**	313	The number of physical attacks on LBO staff fell in 2015 by 19%. During the year, 60 anti-social behaviour workshops were held to address violence in the workplace, involving 250 LBOS and attended by 500 employees.
	Number of robberies	**120**	123	The number of actual robberies at 60 (excluding attempts) continued to decrease through our ongoing security plan, down another 23% in 2015.
	Number of burglaries	**55**	35	The proportion of burglaries classed as attempts in 2015 increased substantially to 56%. A number of burglaries were combated with the use of StaffSafe.
	Number of cash-in-transit incidents	**7**	17	Awareness training and our CounterPlan programme continue to reduce incidents.
	Average cash loss from OTC robberies (£)	**321**	401	Average cash loss has reduced 20% and is now down 35% since 2008.
Training and development	Total number of training days Value of training investment (£'000)	**27,708** **834.5**	21,931 826.9	Our business is sustainable as we attract and retain engaged employees. We offer clear career progression and development opportunities.
Engagement	Employee Engagement Index – participation	**75%**	66%	We continued to make good progress in encouraging greater participation rates in our annual colleague engagement survey.
Support	William Hill Foundation grants (£)	**31,042**	32,951	The Foundation supported colleagues from across the business, making 17 grants at an average of c£1,800.
Community				
Environment	Total CO_2 equivalent (tonnes)	**54,100**	59,607	Our tonnes of CO_2e decreased by 9%.
Industry relationships	UK horseracing levy (£m) Sports sponsorship (£m)	**17.3** **4.4**	16.5 3.8	We continue to support sports through sponsorship and the horseracing and greyhound racing levies.
Community engagement	Employee charity matching scheme (£'000)	**41.2**	40.3	Our colleagues participated in 171 charity events that we matched in 2015.
	Responsible Gambling Trust donation (£'000)	**822.9**	940.3	William Hill is a major contributor to the Responsible Gambling Trust. Our contribution each year is linked to net revenue levels.

FINANCIAL REVIEW

FURTHER STRONG OPERATING CASH FLOWS

THE GROUP CONTINUED TO BE HIGHLY CASH GENERATIVE IN 2015, WITH £300.9M OF OPERATING CASH FLOWS. NET DEBT FOR COVENANT PURPOSES REDUCED TO 1.3X EBITDA.

Philip Bowcock
Chief Financial Officer

	2015 £m	2014 £m	%
Net revenue[1]	**1,590.9**	1,609.3	-1.1
Cost of sales (pre-exceptional)	**(377.9)**	(294.5)	+28.3
Gross profit (pre-exceptional)	**1,213.0**	1,314.8	-7.7
Operating profit[2]	**291.4**	372.2	-21.7
Profit after tax	**189.9**	206.3	-7.9
EPS (adjusted)	**24.7**	29.9	-17.4
EPS	**21.6**	23.6	-8.5

With good cost control offsetting a slight fall in net revenue[1], operating profit[2] was £291.4m, 22% or £80.8m down on 2014 (£372.2m) principally due to an extra c£87m of UK gambling duties. Benefiting from lower finance costs and a lower effective tax rate, adjusted EPS was 24.7p, down 17% on 2014 (29.9p). Operating cash flows remained consistently strong at £300.9m, driving net debt down 19% to £488.2m.

Pre-exceptional Income Statement

	Net revenue			Operating profit		
	2015 £m	2014 £m	%	2015 £m	2014 £m	%
Online	**550.7**	527.4	+4.4	**126.5**	177.7	-28.8
Retail	**889.5**	911.4	-2.4	**171.4**	193.2	-11.3
Australia	**97.9**	121.9	-19.7	**13.4**	24.7	-45.7
US	**33.3**	29.7	+12.1	**9.2**	9.7	-5.2
Telephone	**12.4**	11.8	+5.1	**(1.2)**	(0.8)	+50.0
Other	**7.1**	7.1	–	**–**	(0.1)	–
Corporate	**–**	–	–	**(27.9)**	(32.2)	-13.4
Group	**1,590.9**	1,609.3	-1.1	**291.4**	372.2	-21.7

Net revenue was £1,590.9m, a decline of 1% on 2014. Online contributed an additional £23.3m to the Group's net revenue in the year, through both growth in Sportsbook staking and continued increases in gaming activity, driven by our Vegas product suite. Within this, our core territories of the UK, Italy and Spain grew 11% or £47.5m; other markets declined by £24.2m or 27%. Retail OTC fell by 4.2% or £18.8m primarily, as a result of the portfolio of 108 shop closures in 2014; adjusting for these closures net revenue was down 1%. OTC was also impacted by the rollover of the 2014 World Cup and weaker year-on-year sporting results in Q3. Revenue from Retail gaming machines was down by 1% (up 1.0% adjusting for closures), including the impact of the introduction of the '£50 journey' from April 2015. Australian revenues fell by £24.0m, reflecting both an adverse currency movement (accounting for £10.5m of the fall) and a 20% decline in underlying turnover following a restructure of the customer base, partly offset by a 1.7% point improvement in the gross win margin. The US division grew 12.1% to contribute an additional £3.6m of net revenue compared to 2014.

Pre-exceptional costs of sales grew £83.4m or 28.3%. Of this, Retail saw an increase of £12.9m that primarily reflects increased rates of MGD from March 2015. Online's costs grew £75.1m, of which £66.4m relates to additional POCT following the change of taxation basis in December 2014. William Hill Australia reduced costs of sales by £6.9m, broadly in line with the movement in net revenues.

Net operating expenses, including other operating income, fell £21.9m or 2% to £929.7m. Retail expenses saw a £13.0m fall to reflect both the cost impact of 2014's shop closures and lower staff incentive accruals. Online saw costs flat at £299.4m (2014: £300.0m). Within this, marketing costs reduced by £11.5m, offset by higher depreciation and amortisation charges and software costs to support ongoing growth (£7.6m and £3.1m increases, respectively). Net operating expenses in William Hill Australia fell £6.4m to £65.8m, although in local currency terms showed a small increase. Elsewhere, the Group benefited from lower staff incentive charges, and a £1.7m higher benefit from our share of results of associates.

Pre-exceptional profit before interest and tax declined 22.0% to £283.3m, principally reflecting the impact of c£87m of higher UK gambling duties in Retail and Online, along with the impact in Australia of client management activities.

The Group's net finance costs fell by £6.3m from 2014, mostly due to lower net debt levels from strong operational cash flows but benefiting also from a credit recognised in the defined benefit pension scheme.

Exceptional items before tax

The Group's exceptional operating items amounted to £59.0m, comprising £60.6m of accelerated amortisation of Australian brands (following the brand migration to William Hill in Australia), a £0.2m settlement of tax consultancy fees relating to a prior year and credits of £1.8m on early settlement of onerous property leases relating to the portfolio of shop closures in 2014.

Taxation

The Group's pre-exceptional effective tax rate was 13%, including credits from enacted changes in deferred tax rates (£12.2m). On a post-exceptional basis, this was minus 2.8%, additionally reflecting deferred tax credits relating to exceptional amortisation (£18.2m) and the release of prior years' current tax provisions of (£19.4m) resulting from the resolution of an open matter with a tax authority. This last matter has been treated as an exceptional item given its scale. The total amount of taxes and duties incurred across the group in 2015 was c£418m (2014: c£329m).

Earnings per share

Basic EPS declined 8% to 21.6p, a change that broadly tracks the movement in profit after tax. Our adjusted EPS measure, which is intended to reflect underlying performance and thus excludes exceptional items and amortisation of acquired intangibles, declined 17% to 24.7p.

Cash flows and balance sheet

	2015 £m	2014 £m
Cash flows from operations	**300.9**	368.2
Capital investment	**(67.5)**	(74.6)
Acquisitions	**(17.4)**	(2.6)
Dividends	**(108.4)**	(104.0)
Cash flows before debt repayments	**107.6**	187.0
Net debt (for covenant purposes)	**488.2**	602.8

Operating cash flows were £300.9m, or c£67m lower than in 2014; this reduction reflects the impact of higher gambling duties on profitability, offset by a working capital benefit.

The Group applied its cash flows to capital investment of £67.5m, an investment in NeoGames of £17.4m and increased dividends of £108.4m. After paying down its revolving debt facility, the Group added £60m to its cash holdings, driving a reduction in net debt of c£115m. As a result, our key covenant measure of Net debt to EBITDA declined once again to 1.3x, versus 1.4x in the prior year and 2.0x in 2013.

The Board regularly reviews the Group's capital structure, taking into consideration the Group's strong cash flow generation, its organic investment strategy, opportunities to accelerate the strategy through acquisitions, the potential for disruptive regulatory changes and the wider competitive environment. The Board believes an appropriate capital structure for the Group ranges between 1x and 2x net debt to EBITDA. It believes the Group can increase its efficiency without compromising its investment in growth and, in February 2015, announced the return of approximately £200m to shareholders via a share buy back to be effected over 12 months. Approval for this level of return was given by shareholders at the 2015 Annual General Meeting for the period to 11 May 2016; shareholders will be asked to renew this authority at the 2016 AGM on 11 May 2016.

[1] Net revenue is a term equivalent to the Revenue defined by the statutory accounts on page 106.
[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.

MANAGING OUR RISKS

AN ACTIVE APPROACH

THE BOARD RETAINS ULTIMATE RESPONSIBILITY FOR THE GROUP'S RISK MANAGEMENT FRAMEWORK. A PROCESS IS IN PLACE TO FORMALLY REVIEW PRINCIPAL RISKS ACROSS THE GROUP AND TO ENSURE THAT THE BOARD RECEIVES REGULAR ASSURANCE AS TO HOW THE RISKS ARE BEING MANAGED. PARTICULAR FOCUS IS GIVEN TO THOSE RISKS WHICH MAY THREATEN OUR STRATEGIC PRIORITIES OR REGULATORY COMPLIANCE.

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

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. We continue to balance risk with the opportunities the Group identifies, and an acceptance of a certain level of risk is essential to allow the Group to advance towards its strategic aims. The management of these risks is an inherent part of our strategy and the ongoing assurance provided to the Board delivers valuable insight into the progress against these aims.

Prioritising risks

We have set out the key risks facing the Group as 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.

Our approach

The Board is responsible for the process to determine and execute appropriate responses to potentially significant risks 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. During the year the Board re-affirmed the existing risk appetite as being appropriate. The Board confirms that its assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, and which are set out in this 'Managing our Risks' section, was robust.

The Board, with the support of the Audit and Risk Management Committee, routinely monitors risks that could materially and adversely affect William Hill's operational results, strategic and financial goals and receives regular assurance through its Committees as to how these risks are being managed and mitigated throughout the year.

We continue to assess how best to conduct risk management throughout the Group and confirm that we have formally assessed risk in each strategic business unit with local management, and formed a consolidated view of risk with senior executives, prior to review and approval by the Board.

Risk maps for each business unit have been prepared by local management and a consolidated view is presented to the Board, highlighting both perceived material changes in risk during the year and also any common themes for further review. As with prior years this assessment is an engrained and ongoing process which helps define assurance plans and advisory support throughout the year. Further evolution of our risk management practices is planned for 2016, including closer alignment of our controls self-assessment process to the risk analysis with a particular focus on financial, regulatory and programme delivery risks at a business unit level. This process will enhance yet further the ongoing assurance provided to the Board throughout the year.

Progress on risk management 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.

The following is a summary of the Board's assessment and response to the principal risks facing William Hill. An explanation of how the Group manages its various financial risks is provided in notes to the financial statements.

Key:

High	Stable
Medium	Increasing
Low	Decreasing

Area of risk
REGULATORY COMPLIANCE AND CHANGE

Likelihood	Impact	Change
High	High	Stable

What's the issue?
We have combined risks relating to changing regulatory environments and our ongoing compliance requirements. Failure to meet standards required by regulatory bodies may result in significant business interruption, fines or reputational damage.

Holding licences in key markets, such as with the Nevada Gaming Commission, is an essential part of our growth strategy and therefore the risk of breaching local licensing regulations is clear and must be managed and monitored. This drives a need to continually update processes and controls to ensure compliance and to review the ongoing changes to our business across the Group to assess the impact on our licensing position.

What are we doing to address the issue?
We remain wholly confident that 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 the UK Government and regulatory bodies to discuss the measures by which we fulfil our obligations under the licensing objectives in the UK.

In the UK, in addition to our ongoing support and continued adherence to the voluntary ABB Code, William Hill remains a committed member of the Senet Group, which aims to promote responsible gambling standards and to hold its members to account.

In addition to our core commitment to support the British Gambling Commission's core licensing objectives, the Group remains committed to upholding the standards required in all of our licensed territories as they continue to evolve. 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.

We have well-resourced in-house compliance functions and have compliance officers in all of our strategic business units who are a core part of the local management teams, ensuring compliance has a voice at the top table in each location. Compliance processes and controls across the Group are well established and the compliance functions operate independently of operational management both to support management's compliance obligations and to provide ongoing assurance over the adherence to local requirements. A bi-monthly Group Compliance Committee provides all compliance officers with direct access to the Group CEO and ensures compliance issues are shared across the Group to allow for the identification of trends and common issues.

The Group Risk and Audit function also considers regulatory compliance as a core part of audit delivery, reporting directly to the Audit and Risk Management Committee, as an independent third line of defence.

Area of risk
EXECUTION OF IT STRATEGY

Likelihood	Impact	Change
Medium	High	Increasing

What's the issue?
The demand for stability and availability of our core platforms has never been higher, both as a global business sharing elements of our trading platforms across differing time zones, and increasingly around the clock with significant peaks in activity driven by key sporting events.

Technology is also key to being able to differentiate within our markets, hence our technology must enable a high speed to market and deliver a great user experience, whilst still meeting stability and availability demands.

Failure to execute the IT strategy could cause other key risks to crystallise, as well as having a direct impact on customers.

What are we doing to address the issue?
Our strategy over the last 18 months has seen investment in core technology platforms, reducing reliance on third parties as we take direct ownership of our own platforms and systems, including the launch of our Trafalgar platform in the Online business and the introduction of our Riga interface which allows us to utilise content from multiple suppliers within our core Vegas platform.

Ongoing investment will continue to focus on reducing this risk further.

Where key dependencies exist we have robust contracts in place and are working with suppliers to ensure those agreements meet our changing business needs.

Investment in IT remains a core pillar of our strategy, and the recent appointment of a new Chief Information Officer (CIO) reflects our commitment to continue strengthening our IT capabilities. Where appropriate good practice in technology is shared across the Group.

Area of risk
CYBER CRIME AND SECURITY

Likelihood	Impact	Change
Medium	High	Increasing

What's the issue?
Technology-focused businesses continue to see increased threats of unauthorised access to data or systems, misappropriation of funds or significant down-time from cyber crime or malicious activities. Increasingly sophisticated protection techniques and growing investment in technology and people are required to prevent or mitigate significant financial, operational and reputational damage associated with such breaches. The 24/7 nature of the sports betting and online gaming industries, and the increasing digital footprint of our global operations, mean that this risk is a material and increasing threat facing the Group.

What are we doing to address the issue?
Our technology security arrangements have proven sufficient to prevent material damage to our business up to this point in time. We have not suffered any material loss of functionality, data security breaches or financial loss as a result of the exploitation of security vulnerabilities in the period. However, the continually evolving and growing threat ensures that we are not complacent and we continue to review and enhance our security offering internally and through the use of specialist third parties.

We undertake regular external security scans and have controls in place to mitigate the effects of denial of service attacks against our systems. We work with a number of specialist IT partners to ensure that our security arrangements and systems are well structured, sufficient for our current needs and up-to-date with the latest IT security developments and to learn from any incidents experienced across the Group.

Area of risk
COMPETITIVE LANDSCAPE

Likelihood	Impact	Change
High	Medium	Increasing

What's the issue?
The last year has seen a number of high profile changes to the competitive landscape, in particular the completion of mergers within the UK bookmaking industry, as well as other intended mergers yet to complete. Longer term these changes are likely to alter the dynamics of the industry and will no doubt result in increased competition to attract and retain customers, which may impact margins and put pressure on market share.

What are we doing to address the issue?
Whilst the wider market remains distracted by the mechanics of internal changes, William Hill remains focused on the development of its leading market position and well placed to take advantage of new opportunities as they arise.

We remain committed to the presence of William Hill as a leading brand in our core markets and to the increasing internationalisation of our brand and business, and we understand how the changing competitive landscape will affect our business in these markets. We have consistently demonstrated our ability to differentiate our brand in crowded markets and to support this in the last year alone we have: launched Project Trafalgar in our Online business; continued to drive forward our Omni-channel strategy in our UK business, drawing on the complementary and unique strengths of our Retail and Online offering to enhance our customer experience; actively sought to compete in the market through the launch of mobile apps in Australia and the US, including the in-play service; consolidated our multi-brand offerings into one William Hill brand in Australia; invested in an online lottery business to provide access to new product streams; and successfully launched the WH Labs accelerator programme, demonstrating our commitment to innovation.

These developments are illustrations of our ability to deliver effectively to the market and to differentiate our Group in crowded local markets under one Group brand.

Area of risk
TALENT

Likelihood	Impact	Change
Medium	Medium	Stable

What's the issue?
To address the range of challenges a business as complex as ours faces it is essential we maintain and develop a focused leadership team and have access to a number of highly-skilled specialists across the Group.

What are we doing to address the issue?
During the period there have been a series of managed transitions in the core management team, allowing our CEO to establish a team aligned to the strategic aims of the business and with the core skills required to deliver the vision. Continuing investment in recruiting and integrating key senior hires to supplement the existing core management team underpins our commitment to the growth strategy.

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. Employees are encouraged to become owners of the business through annual Save-As-You-Earn programmes. The Board has visibility of key leadership remuneration arrangements through the Remuneration 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.

Area of risk
FISCAL CHANGE

Likelihood	Impact	Change
Medium	Medium	Decreasing

What's the issue?
The Group remains exposed to the impact of taxation changes in all key markets, which cannot be directly passed on to our customers, and therefore impacts the bottom line. Both the Point of Consumption Tax and Machine Games Duty changes impacted in 2015, but are built into budgets and forecasts, and at the prior year-end the timing of the general election drove uncertainty as to the UK tax position. Therefore, the risk of further tax changes affecting profitability is reduced compared to the last risk assessment.

What are we doing to address the issue?
There remains a requirement to ensure that cost savings and efficiencies throughout the Group help mitigate increasing costs outside the Group's control. 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.

Area of risk

BUSINESS CONTINUITY MANAGEMENT AND DISASTER RECOVERY

Likelihood High **Impact** Low **Change** Stable

What's the issue?

Over recent years the Group has had to address a number of potentially significant business interruptions, often with external causes and the potential to cause major interruption to our operations. Failure to adequately respond to business interruptions may result in unnecessary loss of business or adversely impact customers' experience. In all cases we have realised the benefit of our ongoing investment in preparations for business interruption and the resulting impact from an operational and technology perspective has been successfully managed.

What are we doing to address the issue?

The Group now has access to Business Continuity sites in our core UK locations, multiple sites or bespoke Business Continuity facilities in key overseas locations or the ability to rely on tested and proven flexible ways of working in other locations. 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 in the short term should an incident occur.

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.

Viability statement

The following statement is made in accordance with Code provision C2.2. After considering the current position of the Company, the directors have assessed the prospects and viability of the Company over a three-year period to December 2018. In making this statement, the Board has performed a robust assessment of the principal risks facing the Company, including those risks that would threaten William Hill's business model, future performance, solvency or liquidity. The principal risks facing William Hill and how the Company addresses such risks are described in this Strategic Report and the key risks are summarised in this section 'Managing our Risks'.

Although longer-term forecasts are prepared to support the strategic planning process, the nature of the risks and opportunities faced by the Group (in particular, the possible impact of future fiscal and regulatory changes and the pace of technological change) limits the directors' ability to reliably predict the longer term. Accordingly, a three-year horizon is used to allow for a greater degree of certainty in our assumptions.

The directors' assessment includes a financial review, which is derived from the Group's annual medium-term strategic forecasts and identifies the expected cash flows, net debt headroom and funding covenant compliance throughout the three years under review. These forecasts also incorporate severe but plausible downside case scenarios, illustrating the potential impact upon viability of one or more of the Group's principal risks crystallising during the period, both individually and in combination. A number of reasonable assumptions are included within these assessments, including:

– the assumption that funding facilities will continue to be available or renewed on the same or similar basis throughout the period under review;
– the assumption that, following a material risk event, the Group would adjust strategic capital management to preserve cash, but would not curtail normal capital investment or adjust dividend policies; and
– the assumption that the Group will be able to effectively mitigate risks through enacted or available actions, as described in this section 'Managing our Risks'.

The sensitivity analysis considers all of our principal risks, although our assumption that we will be able to effectively mitigate some of our risks leads to a greater emphasis on those risks that are beyond our control (such as regulatory changes). Through this analysis, the directors have concluded that we do not face a risk to our viability except in the event of highly improbable combinations of material events within the three-year window.

Based on this conclusion, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment.

CHAIRMAN'S INTRODUCTION

A COMMITMENT TO GOOD GOVERNANCE

THIS REPORT EXPLAINS HOW THE BOARD OPERATES AND HOW GOOD GOVERNANCE CONTINUES TO CONTRIBUTE TO STRATEGIC OVERSIGHT AND THE EFFECTIVE RUNNING OF THE BUSINESS.

Gareth Davis
Chairman

Effective strategic leadership from the Board and its committees remains critical to promoting the long-term success of William Hill. I continue to be greatly reassured by the dedication of our Board, their commitment to good governance and by the way the Board has effectively transitioned to working with a new Chief Executive Officer (CEO) and a new Chief Financial Officer (CFO) over the last two years.

This report explains how the Board operates and how good governance continues to contribute to strategic oversight and the effective running of the business.

Positioning the business for the future

I am pleased to present the Board's 2015 annual report on corporate governance. The Board considered many important matters and decisions during 2015 and continued to devote much time to the business. This places the business in good shape for 2016. Ensuring the best leadership for the business has been a key theme in recent years. James Henderson was appointed CEO in 2014. However, there were further changes in 2015 and the Board and in particular the Nomination Committee devoted a significant amount of time in the search for a new CFO.

We had prepared a comprehensive brief and profile for what is a very demanding role and gave a great deal of thought and discussion on the CFO needed to succeed Neil Cooper. I would like to express my thanks to Neil for his significant contribution to the business. In line with our philosophy, we looked at both internal and external candidates for the role of CFO and following an extensive search we were very pleased to announce in August 2015 the appointment of Philip Bowcock as the new CFO.

In addition to refreshing the composition of the Board, it is also critical to maintain the highest calibre of senior executives at the level which is immediately below the Board. I was pleased to welcome three changes to the Executive Committee team which will help to maintain a strong senior management bench strength for the business. Elsewhere in the business, during the year, members of the Board went to our businesses in the US and Australia and met with many of our managers and other highly talented colleagues.

An effective Board with a strong composition

The Board keeps its composition under regular review and recognises the importance of maintaining an effective blend of skills, background and tenure on the Board. Three of the directors have served for two years or less on the Board and this helps to contribute fresh thinking to augment the substantial experience accumulated by the other members of the Board, each of whom has served at least four years.

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 has reviewed the recent final report by Lord Davies on gender diversity, which includes a recommendation as a next step for increasing the voluntary target for women's representation on boards of FTSE 350 companies to a minimum of 33% over the next five years. We will be reviewing this in more detail in due course.

Recognising that there are always improvements that can be made, the Board benefited from an annual evaluation of its performance and I was encouraged by the actions taken to ensure that the Board continues to work well. I am pleased with the progress made by the Board and the Statement on Corporate Governance explains further our evaluation process and outcomes.

CHAIRMAN'S INTRODUCTION

Strategic oversight and commitment to our stakeholders

I was pleased with the significant time the Board devoted to considering strategy in the business. In addition to regular discussions at Board meetings, once again we held a very successful Board Strategy Conference during the year, which both re-affirmed our strategic direction and provided solid actions to implement over the medium to longer term. The Board also had regular discussions during the year on the following as part of its ongoing review of important business developments and new opportunities across the Group:

- Project Trafalgar and other associated initiatives which support the strategic objective of increased differentiation through technology;
- several developments in Online products and services;
- the operational and structural changes being progressed to support the delivery of Omni-channel via Retail and Online;
- further opportunities for investing and expanding internationally. Following Board approval, the Company was pleased to announce in August 2015 that William Hill had acquired a 29.4% interest in NeoGames, whose primary focus is currently on the US; and
- in Australia, the expansion of digital services and increasing our digital capability. The plan to migrate the Australian brands to William Hill was also approved by the Board to ensure that risks had been considered at Board-level and that there was a full strategic plan to maximise success.

The Board kept focus on the mutual benefits of good communications with our investors. We maintained a comprehensive contact programme with analysts and institutional investors for which there were many meetings during the year. Furthermore, the Board received regular feedback during the year on the views of some of our largest shareholders.

An important part in the governance framework of a major business is the appointment of the external auditor to the Company. During the year, the Audit & Risk Management Committee closely monitored developing legislation which means that listed companies such as William Hill must consider changing their external auditor at certain intervals and that the external audit must also be put to a competitive tender at certain intervals. The Committee considered this matter very carefully and recommended to the Board that now would not be the right time to seek a tender. The Committee further recommended that the Company should rotate the external auditor by no later than the expiry of the five-year term of the external audit partner (i.e., by 2019). The Board has endorsed these recommendations. Further information is provided in the report from the Audit and Risk Management Committee. Apart from the foregoing, I can report that William Hill was in full compliance with the UK Corporate Governance Code (2014) which was applicable for our 2015 financial year.

Annual General Meeting (AGM)

I would like to thank those shareholders who voted or attended at the 2015 AGM. We received a very high level of support for the resolutions, each of which was passed, and I am grateful for the continuing support from our shareholders.

The AGM remains an important opportunity for the Board to meet with shareholders, particularly those who do not normally have the opportunity to meet with the Board. Our 2016 AGM is scheduled for 11.00 a.m. on 11 May 2016 at The Cavendish Conference Centre in London and we look forward to seeing shareholders who are able to attend.

Gareth Davis
Chairman

REPORT ON CORPORATE GOVERNANCE

Introduction and Statement of Compliance

The Board supports the 'comply or explain' approach set out in the UK Corporate Governance Code (the Code), which forms part of the Board's governance processes. The Code is issued by the Financial Reporting Council (FRC) and is available on the FRC's website at www.frc.org.uk and this report has been prepared against the version of the Code published in 2014, which is applicable for William Hill's 2015 financial year. Under the Code's 'comply or explain' approach, this permits listed companies some flexibility and the opportunity to adopt governance arrangements otherwise than in accordance with the provisions of the Code, where the Board feels this is appropriate for the good running of the business. The Board can report full compliance with the Code during the whole of 2015, with the exception of Code provision C.3.7 which recommends that FTSE 350 companies should put the external audit contract out to tender at least every ten years. The report from the Audit and Risk Management Committee explains the reasons why it has been decided not to have undertaken a tender on the external audit and it also confirms that a tender will be undertaken by no later than 2019 with the intention to appoint a different external auditor.

The Board of Directors

The Board

William Hill has an effective Board whose role is to take collective responsibility for the leadership and overall long-term success of the Company. In order to support the Board in the discharge of its duties, there is a formal framework of committees of the Board. This section sets out a summary of the key roles and responsibilities of each committee and how that committee supports the Board. Further details on the roles and responsibilities of each committee and the work they have undertaken in the last year is provided in the specific reports from each committee.

The Board

Board

Role:
Responsible for the overall long-term success of William Hill, its strategic direction and setting the Group's culture and values.

Audit and Risk Management Committee

Role:
Advises the Board on financial statements, policies, internal controls and risk management. Sets the relationship with the external auditor.

Remuneration Committee

Role:
Sets the remuneration policy for the Company's most senior executives and the Chairman. Agrees awards and other terms of remuneration for senior executives.

Corporate Responsibility (CR) Committee

Role:
Sets the Group's CR policies and direction. Reviews how the Group achieves responsible behaviour on social and ethical matters.

Nomination Committee

Role:
Advises on appointments to the Board and on Board composition and succession planning.

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, five-year strategic plan, financial statements, and major acquisitions and disposals;
- the Group's corporate governance and corporate responsibility arrangements; and
- the appointment and removal of directors.

The operation of the Board

How the Board operates

The Chairman, along with the executive directors and Company Secretary, has established Board processes designed to maximise its performance. At the heart of this is the flow of high-quality information on a regular basis which allows the Board to monitor the performance of the Group across a wide range of issues and to make decisions and approvals affecting the strategy and operation of the Group. The Board also receives timely information on current and potential future matters affecting the business and the environment in which it operates so that the longer-term prospects of the Group can be considered in a strategic manner.

Information flows to the Board

Annual/ad hoc items	Standing/regular items
Material policy decisions and matters reserved to the Board	Updates from across the business
Corporate reporting	Company performance
Board Strategy Conference	Potential market opportunities
'Away' Board visits	Market, regulatory, legal and corporate governance updates
Annual operating plan and five-year strategic plan	Investor Relations and other stakeholders reports
Annual/ad hoc items discussed by the Board	Standing/regular items discussed by the Board

Board oversight, decision-making, approval, strategic planning

In addition to the information provided on a standing basis at most Board meetings, the Board holds annual or ad hoc events which provide an opportunity to focus specifically on certain issues. In particular:

– an annual Board Strategy Conference (BSC) is held with the Board and selected senior management to review and develop the strategy and direction of the Company. The BSC in 2015 confirmed the Company's strategic priorities and reviewed each part of the business. A comprehensive process is in place to track and follow up on actions arising from the annual BSC. The Board also approves a medium-term five-year strategic plan which reflects the Company's strategy and the environment in which the business operates;

– an annual visit is held where the Board visits one of the Group's business locations away from the head office. This gives the Board an opportunity to gain far greater insight on the particular business and also provides an excellent opportunity for extended meetings and discussions with a broader range of the management team. During 2015, the Board held a highly successful visit to the US; and

– each year the annual operating plan for the following financial year is discussed and approved by the Board. This sets the targets and agrees the key operational matters for each part of the business for the subsequent year. Performance against plan is reviewed during the year.

The organisation and management of the Board is designed to support good debate and consideration of important matters. Key aspects of the organisation of the Board include:

- Board meetings are scheduled to ensure consideration of issues relevant to the Board and to provide adequate time for discussion of each agenda item. This is supported by a forward-looking 12-month rolling Board plan which not only provides the directors with a longer-term outlook of the business the Board needs to consider but it also provides a regular and systematic opportunity for each director to add additional items which they consider important in the forthcoming year;
- 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 which is managed by the Company Secretary and this provides directors with instant access to current and prior papers at any time;
- a summary of the actions arising at each Board and Committee meeting is circulated by the Company Secretary following each meeting. The Company Secretary then ensures progress is made in respect of each action and a progress report against previously agreed actions is dealt with as a standing item to provide feedback to the entire Board that actions have been progressed appropriately.
- Reporting packs are normally prepared by the executive directors and other senior managers and then distributed by the Company Secretary to the Board at least four working days in advance of Board meetings. This enables the reporting packs 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 reporting 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 ahead of the meeting on the matters to be discussed;
- financial updates 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;
- good working relationships exist between Non-executive Directors and non-Board members of the senior management team, which are encouraged by the executive directors; and
- members of the senior management team draw on the collective experience of the Board, including its Non-executive Directors.

The Board of William Hill acts as a collective unit. However, in order to further optimise the performance and the governance of the Board, there are distinct and clear roles, which are explained further below.

Role of Chairman, CEO, Senior Independent Director and Non-executive Directors

No one individual on the Board has unfettered powers of decision-making. Throughout 2015, 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 (SID) 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. The SID is also required 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. During 2015, the SID led the discussion of the Nomination Committee when it recommended to the Board that the Chairman's term of office be further extended (see the report from the Nomination Committee for more details). The role of the SID also includes, if needed, a process under which he/she might intervene to maintain Board and Company stability.

All of William Hill's Non-executive Directors, including the Chairman and SID, are required by their role to perform certain functions to improve the effectiveness of the Board. In particular they:

– constructively challenge and contribute to the development of strategy;
– scrutinise the performance of management in meeting agreed goals and objectives;
– through the Audit and Risk Management Committee, satisfy themselves that financial information is accurate and that internal controls and systems of risk management are robust;
– through the Remuneration Committee, take responsibility for determining appropriate levels of remuneration for senior executives; and
– through the Nomination Committee, undertake the role of recommending the appointment, and where necessary removal, of positions on the Board.

Role specifications of Chairman, CEO, SID and other Non-executive Directors are defined in writing so that their role requirements are clearly understood. The role specifications are either included in the terms of appointment or are otherwise approved by the Board.

Matters reserved to the Board

In order to support the Board's primary role to promote the long-term success of the Company and to promote a strong control environment, the Board operates within a formal Schedule of Matters Reserved to it and this forms part of an overarching Group Delegation of Authority. Only the Board may exercise any of the powers in the Schedule of Matters Reserved. 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. The Group Delegation of Authority and Schedule of Matters Reserved to the Board are reviewed and updated on a regular basis and both were updated with minor amendments during 2015. The Group Delegation of Authority and Schedule of Matters Reserved to the Board are circulated by the Company Secretary to all members of the Executive Committee team and certain other senior managers to ensure the authorities which have been agreed by the Board are understood across the entire business.

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, five-year strategic 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.

Board composition and balance

Board composition

The Board currently comprises five independent Non-executive Directors, the Chairman and two executive directors. James Henderson was appointed to the Board as CEO in 2014 and Philip Bowcock was appointed as CFO in November 2015. Sir Roy Gardner was appointed as Senior Independent Director in 2014.

During 2015 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
Philip Bowcock	Leisure, construction and finance
Georgina Harvey	Media and publishing
Imelda Walsh	Retail and human resources
Sir Roy Gardner	International business
Ashley Highfield	Media and technology

A BOARD WITH STRONG CAPABILITY AND EXPERIENCE

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

Sir Roy Gardner
Senior Independent Non-executive Director

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

Current directorships:
Serco Group Plc (Chairman)
Mainstream Renewable Power Ltd. (Chairman)

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)
Willis Group Holdings plc (Non-executive Director)

Year of appointment:
2014

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

Philip Bowcock
Chief Financial Officer

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

Former roles:
CFO, Cineworld Group Plc
Finance Director, Luminar Group Holdings Plc
Financial Controller & Head of Corporate Development, Barratt Developments PLC
Property Finance Director, Tesco PLC
Vice President Finance, Hilton Group plc

Qualifications:
Chartered Management Accountant

Year of appointment:
2015

David Lowden
Independent Non-executive Director

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

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

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 sales and advertisement roles, Express Newspapers

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)
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; Comic Relief (Trustee); Now Pensions Ltd. (Trustee); Mentoring Foundation (Non-executive Director)

Year of appointment:
2011

Luke Thomas
Company Secretary

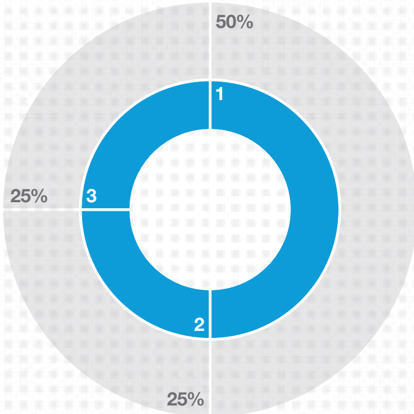
Responsibilities:
Board support, company secretariat, corporate governance and pensions

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

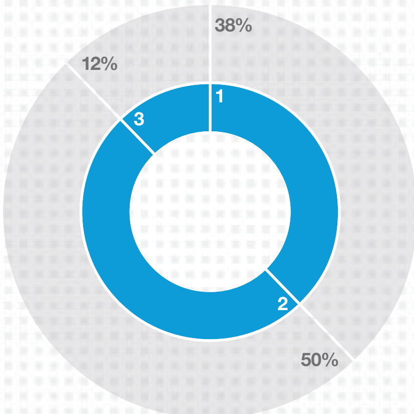
Qualifications:
Fellow of the Institute of Chartered Secretaries and Administrators (ICSA)

Year of appointment:
2013

Board composition and approach



Composition of the Board
1. Male non-executive
2. Female non-executive
3. Executive



Length of service of Board members
1. 0 – 3 years
2. 3 – 6 years
3. 6 – 9 years

STATEMENT ON CORPORATE GOVERNANCE

Conflicts of interest

The composition of the Board means that many of the directors have experience and roles outside of William Hill. Whilst this brings benefits to the stewardship of William Hill, controls are in place to ensure that suitable arrangements are made when a director's external role could come into conflict with their duties as a director of William Hill. 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)
Philip Bowcock, CFO
Joe Asher, CEO William Hill US
Robin Chhabra, Group Director of Strategy and Corporate Development
Nicola Frampton, Director, UK Retail
Michael Leadbeater, Director of Group Legal Services
Karen Myers, Group Human Resources Director
Crispin Nieboer, Interim Managing Director, Online
Kevin O'Connor, Group Chief Information Officer
Alex O'Shaughnessy, Chief Marketing Officer
Terry Pattinson, Group Director of Trading
David Steele, Director of Corporate Affairs
Luke Thomas, Company Secretary
Tom Waterhouse, CEO William Hill Australia

Board performance and Board activities

Information and professional development

The Chairman, supported by the Company Secretary, takes responsibility for ensuring that the directors receive accurate, timely and clear information across a wide range of matters relevant for the Board to operate effectively. In addition to receiving presentations from internal management, the Board also from time to time requests external advisers to provide briefings to support better awareness of issues and to facilitate decision-making. Directors are also encouraged to attend external seminars on areas of relevance to their role to further enhance their knowledge and suitable training events are identified by the Company Secretary and details are then forwarded to the directors.

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 some 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, Philip Bowcock was appointed to the Board. Philip Bowcock's induction covered a range of general, industry and Group-specific information and also included meetings with each member of the Board and each member of the Executive Committee team.

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 2015 was conducted internally with the assistance of the Company Secretary. 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 and the results were collated for further review and discussion.

The review concluded that the Board continues to work well and that there is an overall improving trend. Areas for further improvement were identified during the evaluation for implementation, including:

– agreement that there had been a better focus by the Board on material strategic items and the importance was recognised of maintaining this momentum. In particular, a more focused format for the Board Strategy Conference had been agreed to facilitate a better ability to probe into key issues further;

– a more formalised and systematic process was needed for the Board to consider future discussion topics and to provide the Board with a more structured process to raise other discussion topics over a longer-term horizon. A formal one-year rolling agenda has now been created and is circulated to the Board. This facilitates a formal discussion item that the right topics have been selected and prioritised for the Board's review over the next year;

– the quality of briefing papers received by the Board continues to be generally high but there was some room for further improvement. In particular, improvements to better highlight key points in briefing papers were needed;

– minor changes were considered and agreed to optimise the frequency and scheduling of some Committee meetings; and

– more time should be devoted to discussing succession planning over the longer term.

Attendance at Board and Board Committee meetings

Details of Board and Committee attendance during 2015 are set out in the table below. All directors are expected to attend all Board and relevant Committee meetings.

	Board[1]					
	Scheduled	Ad hoc	Audit and Risk Management Committee	Corporate Responsibility Committee	Nomination Committee	Remuneration Committee
Number of meetings held	**9**	**1**	**6**	**4**	**4**	**6**
Meetings attended						
Gareth Davis	9	1	n/a	4	4	6
Neil Cooper[2]	7	–	n/a	n/a	n/a	n/a
Philip Bowcock[2]	3	–	n/a	n/a	n/a	n/a
Sir Roy Gardner	9	1	6	4	4	5
Georgina Harvey	9	1	n/a	4	4	6
James Henderson	9	1	n/a	4	n/a	n/a
Ashley Highfield	8	1	6	4	4	n/a
David Lowden	9	1	6	n/a	4	6
Imelda Walsh	9	1	6	4	4	6

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.

In addition to attending at Board and Committee meetings, each of the Non-executive Directors devotes sufficient time to the Company to ensure that their responsibilities are met effectively. This includes preparation ahead of each meeting and for the Chairman and Committee Chairs, holding planning meetings and discussions with the relevant executives or senior management ahead of a meeting to ensure that each meeting has been well-prepared. The Chairman maintains frequent contact with all members of the Board between meetings and has regular meetings with the CEO to keep apprised of material developments in the business.

1 The ad-hoc Board meeting during the year was held to consider and approve the appointment of a new CFO. In addition to the above Board meetings, during the year there were three meetings of a Committee of the Board established to give final approval to the release of the Company's trading results. The Committee of the Board comprised the Chairman, CEO and CFO and there was full attendance for all three meetings.

2 Philip Bowcock joined the Board on 1 November 2015 and Neil Cooper left the Board on 6 November 2015. Neil attended all scheduled Board meetings for the period in which he was a director, however, as the ad-hoc Board meeting during the year was to consider and approve the appointment of a new CFO, Neil did not attend that meeting. Philip attended all Board meetings for the period in which he was a director.

Summary of Board activity during 2015

Each scheduled Board meeting reviews individual reports received from the CEO, the CFO, the Director of Group Legal Services and the Company Secretary, as well as reviewing progress against previously agreed actions. Other topics and discussions in Board meetings held in 2015 included the following:

– consideration and approval of the appointment of Philip Bowcock as CFO;

– the Board periodically reviewed potential acquisitions in pursuit of its strategy. During the year, the Board approved the acquisition of a 29.4% interest in NeoGames;

– regular updates on Project Trafalgar and other initiatives to support the control of our own technology;

– extensions to our Online gaming product offerings and new digital Sportsbook services;

– various updates on new regulations, laws and taxation;

– consideration of the business' capital structure over the longer term;

– briefings on the Retail business including capital management and technology;

– branding of the Australian business;

– Board evaluation and governance;

– approval of the annual operating plan for 2016 and the five-year strategic plan;

– updates on strategies in respect of marketing and customer data; and

– a report on the views of some of the Company's largest institutional investors.

Engagement with shareholders

Relations with shareholders

Each year, the Director of Investor Relations prepares a scheduled programme of contact between the Company and its largest institutional investors. This supports a regular dialogue with the Company's institutional shareholders, where the CEO and CFO meet with investors to discuss the business further. Great care is exercised, however, during such meetings to ensure that any price sensitive information is not disclosed as such information is only released at the same time to all shareholders, in accordance with the requirements of the UK Listing Authority.

Presentations are also provided to institutional shareholders and analysts following the publication of the Group's financial results or for other selected topics in respect of the business. Copies of such presentations are made available on the Group's corporate website, www.williamhillplc.com, for a period following the event.

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 CFO.

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

The Group obtains feedback from its corporate brokers and its investor relations adviser on the views of institutional investors on a non-attributable basis and the CEO and/or CFO, supported by the Director of Investor Relations, 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 general institutional investor sentiment. The Board also receives copies of relevant analysts' reports on an ad hoc basis and other matters of interest in the media via the Company's in-house Investor Relations team. During 2015, one area of focus from an investor relations perspective was to acquaint the investment community with Philip Bowcock, following his appointment as the Company's CFO.

AGM

The Board continues to consider the AGM as an important opportunity to communicate directly with all shareholders. At the AGM in 2015, the Chairman and the CEO 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 chairs of the Remuneration, Nomination, Audit and Risk Management, and Corporate Responsibility Committees, attended the 2015 AGM meeting and intend to attend the 2016 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 other senior managers in the business. This provides the Company 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 2015 were 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 2015 was passed with the requisite level of approval and the Board considers that there was a high level of support for each resolution. As the Board considers that the level of support received at the 2015 AGM was significant, the Board considers it is not necessary to provide additional disclosure on the reasons for those votes which were cast against or that any additional action should be taken in respect of those votes against.

A separate resolution is proposed on each substantially separate issue. It is intended to continue with these practices for 2016 and for future shareholder meetings. It is planned to post the Notice of the 2016 AGM to shareholders with the 2015 Annual Report and Accounts at least 20 working days prior to the date of the meeting. The website also contains the Notice of General Meeting and supporting explanatory notes.

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.

Risk Management and Corporate Culture

Approach to risk management

The section 'Managing our Risks' outlines the Board's approach to the management of risks within the business and summarises the principal risks facing the business. The sections below provide further detail on the Board's actions to monitor the Company's risk management and internal control. The work of the Board in this regard is supported by the Audit and Risk Management Committee and further details of the activities undertaken by the Committee to support the risk management framework is provided in the report which appears on pages 65 to 67.

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 making sure that risks are understood and they are also responsible for the implementation, monitoring and maintenance of the internal control systems, which are subject to regular review. The Group Risk & Audit function maintains an assurance framework recording the key internal controls in every business unit 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 the FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' published in 2014.

At least annually, the Board assesses the effectiveness of the Group's system of internal controls (including financial, operational and compliance controls and risk management systems). This is supported by an ongoing process for the provision of effective internal control and risk management systems, which include:

- regular scheduled meetings of the Board and its Committees, the Executive Committee team and Business Reviews for each business unit. This provides regular opportunities to assess performance and potential risks;
- established structures and delegations of authorities which sets out responsibilities and levels of authority;
- ongoing 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 principal 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. This provides for a comprehensive 'bottom-up' process for key managers throughout the organisation to confirm compliance with material operational matters.

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 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.

The directors confirm that they have undertaken a review of the effectiveness of the Company's system of risk management and internal controls. These covered material controls, which included controls covering operational, financial and compliance matters. The controls operated during the financial year, although as with many large and complex organisations, there were some additional controls implemented or further strengthened during the year. In particular, steps taken to reduce reliance on third parties within the William Hill Online gaming environment have required system and process changes to strengthen controls. The Audit and Risk Committee were made aware of the control changes and there was no significant impact on financial results. The directors confirm that 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. Existing risk management processes have been maintained and have been further refreshed to help ensure it continues to meet the needs of 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 34 to 43.

Risks and opportunities are also embedded for consideration where key decisions and approvals are required by the Board. In particular, part of the annual operating plan considers key risks and opportunities which may impact upon the business over the near term. Additionally, each year the Board considers and approves a five-year strategic plan which reflects the Company's strategy and the environment in which the business operates. Risks are included as part of the consideration of the five-year plan to provide a longer-term assessment on issues which may impact the business.

A key tool to ensure effective ongoing risk management throughout the business is to ensure that the executive directors are sufficiently involved and have oversight of the material aspects of the operation of each business unit. This is accomplished through regular interactions between each business unit with the executive directors, including regular scheduled Business Reviews which are held with the respective business unit Managing Director and other senior business unit managers throughout the year. The Business Review meetings review all material operational aspects of the business unit, including risks.

Internal Audit

The Group Risk and 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.

The Group's financial and operational controls and associated procedures are subject to periodic review to ensure that they remain robust and fit for purpose. Risk and 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.

STATEMENT ON CORPORATE GOVERNANCE

The process was further enhanced in 2015 to include both a backwards-looking review of the financial year completed and the approval of a forward-looking annual plan for the next financial year. In respect of the backwards-looking review, an analysis was prepared for the Audit and Risk Management Committee to assess the coverage of corporate level risks through the internal audits undertaken for the year. The analysis helped to support the Board's determination that an appropriate review had been undertaken of the effectiveness of the Company's system of risk management and internal controls, including principal risks and key controls. Where appropriate, output from the backwards-looking analysis will be used to inform and further strengthen the forward-looking annual internal audit plan. In respect of the forward-looking plan, this is approved by the Audit and Risk Management Committee and is then reviewed in greater detail on a quarter-by-quarter basis during the financial year, which allows for further refinement as necessary. In addition to the foregoing, during 2015 the Group Risk and Audit function provided ongoing assurance to management and the Audit and Risk Management Committee in respect of a number of significant internal change projects.

The Director of Risk and 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 adequacy of the Internal Audit function's resources and on progress against the annual audit plan. The Director of Risk and Audit also reports regularly on the actions taken by management in response to audit reviews and during 2015 the reporting and tracking of actions was further enhanced to further improve transparency and the monitoring of completed management actions. This enhanced process provided the Audit and Risk Management Committee with additional assurance that timely actions were being taken in response to audit reviews. 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

A full description of the Group's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report, including the Financial Review and in notes 20 to 21 in the financial statements.

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, the directors confirm that they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Corporate culture

The Board recognises that a clear 'tone from the top' and a commitment to sound principles of conducting its business can further help to support positive behaviours within the Company. This is a responsibility of the Board, which is discharged with the assistance of standing committees and senior management as needed.

From the point of recruitment, all staff are made aware of existing Company policies and codes which are designed to encourage and support good conduct. Reward mechanisms are also designed to incentivise good behaviours and good performance and not to encourage excessive risk-taking. In particular, malus and clawback provisions exist in the bonus and incentive arrangements for the executive directors and for other executive management. This is more fully explained in the Directors' Report on Remuneration. Other levels of management have reward mechanisms which are designed to promote our corporate behaviours and strong personal performance.

A formal whistle-blowing policy and procedure for staff to raise issues regarding possible improprieties is already in place. During 2015, an exercise was undertaken to further increase awareness of whistle-blowing services across the Group and the results of the exercise were reviewed by the Audit and Risk Management Committee, which helped to provide additional feedback to the Committee on the culture within the business. The Company also has clear policies and procedures to prevent, detect and to report suspected fraud and during 2015 a new communication initiative was prepared by senior management for launch in 2016 and was reviewed in advance by the Audit and Risk Management Committee. The new initiative includes a video with a personal message from the CFO which re-enforces the expectations from the top of the Company and the video also provides practical reminders of the steps which should be taken if a fraud is suspected. The Company also has a policy in place regarding anti-bribery and corruption and during 2015 a high-level review was undertaken and discussed with the Audit and Risk Management Committee on the controls which are in place and in respect of how the Company's policy is communicated to its employees.

It is vital that William Hill maintains the right culture to perform effectively in the five regulated gambling markets in which the business operates. During 2015, a Group Compliance Committee was formed which now provides additional oversight on regulatory compliance across the Group. Meetings of the Committee are attended by the CEO which ensures that Board-level views on the culture of compliance within the organisation are communicated directly to those responsible for compliance within the business. One of the outputs of the Committee was a new statement on compliance, approved by the CEO, which sets out expectations on compliance across the whole of the Group. Committee meetings are also attended by the Head of Risk & Audit and this helps to support a more holistic view of regulatory compliance as part of the business' framework of operational controls and risk management.

Remuneration

The Directors' Remuneration Report is set out on pages 72 to 92.

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

THE COMMITTEE OPERATED WELL IN 2015 AND CONTINUED TO PROVIDE SUPPORT TO THE BOARD THROUGH MONITORING THE COMPANY'S RISK MANAGEMENT AND INTERNAL CONTROLS.

David Lowden
Chairman, Audit and Risk Management Committee

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 auditor, Chairman, CEO, CFO, Director of Group Legal Services, the Director of Risk and 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. In view of the regulated nature of the Company's business, the Group Money Laundering Reporting Officer also attends two meetings each year in order to provide a formal report on anti-money laundering to the Committee. In addition, the Committee also meets with the external auditor without executive management present on a regular basis. The Committee met on six occasions during 2015 and details of attendance at Committee meetings are set out on page 61.

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. Details of each director's significant current and prior appointments are set out on pages 58 and 59.

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 yearly 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 auditor 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 whistleblowing 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 and to provide oversight that any changes management would need to make to procedures, policies or practice as a result of a notification have been implemented effectively.

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 2015

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 detailed reports from the external auditor. 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 position and performance, business model and strategy.

A process was established during 2014 whereby the Committee assisted the Board in the discharge of this duty and following review, the process was considered appropriate for the 2015 financial year. The Committee provided assistance to the Board 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 and Accounts is subject to rigorous review and checking by both the contributors and by certain senior management. In particular, senior management including the CFO, 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;
- 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;
- the Committee had received a briefing during the year on the material governance and statutory-related changes which would be required to be reported in the 2015 Annual Report and Accounts; 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 2015, this included progress reports and presentations on business continuity planning, disaster recovery, anti-money laundering, fraud prevention and information security.

The Committee reviewed and approved the statements on internal controls on pages 62 and 63. The Committee also reviewed developments in practice regarding internal control and risk management. In particular, 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.

External auditor

The Committee has responsibility for overseeing the relationship with the external auditor and continues 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 auditor regularly attended Committee meetings in 2015 and met at least once with the Committee without executive management.

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

Deloitte LLP are the Company's current external auditor and the Committee monitors the ethical guidance regarding rotation of the external audit partner. Paul Franek is the current external audit partner, having been appointed in 2014. During 2015, the Committee received regular reports from the external auditor, 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 considers the Group's written policies in respect of the relationship with the external auditor. During 2015 the policies were reviewed, in particular in view of a number of legislative developments regarding regulatory reform on the provision of services provided by the external auditor. As a result of the review, all of the associated policies in respect of the external auditor were updated and combined into a single policy on the independence of the external auditor.

The combined single policy addresses various matters in respect of the external auditor, including:

- the appointment, tendering and rotation of the external auditor;
- the employment by the Group of former employees of the external auditor;
- auditor confirmation of independence; and
- the provision of non-audit services by the external auditor and the criteria to be followed when considering whether external auditor should be engaged to undertake non-audit services.

In accordance with the policy, during the year the Committee considered and approved any non-audit work undertaken by the external auditor 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 auditor are reported to the Committee at its next scheduled meeting and a record is kept and reviewed by the Committee on a cumulative basis during the year so that the total aggregate costs regarding non-audit work during a financial year is monitored carefully. 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 auditor. The Committee confirms that it is satisfied with the performance of the external auditor 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 notes and confirms compliance with the provisions of the Competition & Markets Authority Order 2014 in respect of statutory audit services for large companies.

In the report from the Committee which appeared in the 2014 Annual Report, it was noted that the Committee had considered whether a formal tender process was required in respect of the external auditor. The Committee had commented that 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. 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.

After further consideration the Committee has re-affirmed the conclusions reached and explained in the 2014 Annual Report, in particular:

- Paul Franek (Deloitte) became the new external audit partner in 2014. In accordance with the current ethical guidance regarding rotation of audit partners, his five-year term will expire in 2019; and
- the final form of the above mentioned legislative developments had yet to be implemented in the UK.

The Committee continues to affirm 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 affirms that its current intention is to change 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 auditor's 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 and Audit function.

The Risk and 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 and Audit and Head of Internal Audit is the responsibility of the Committee. The Director of Risk and Audit and Head of Internal Audit have direct access to the Board and Committee Chairman. During 2015 the Director of Risk and 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 reported 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 significant issues which need to be considered. In respect of the 2015 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 2015, 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 focus.

The Committee endorsed Deloitte's plan in respect of 2015.

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 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, as well as the disclosures included in financial statements. Following review it was agreed that no impairment charge was required;
- 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 2015. It is normal policy each year to consider if any matters should be treated in the financial statements as exceptional. Following review with management it was agreed that certain items should be treated as exceptional items and further information is provided in note 3 to the financial statements;
- the accounting treatment and disclosures in respect of the investment in NeoGames;
- the disclosures and supporting analysis in respect of the viability statement;
- matters relating to taxation;
- 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. Part of the Committee's role is to provide constructive challenge to management on the above issues and on other matters related to financial reporting. This is particularly important where underlying assumptions need to be made by management as part of their assessments. In respect of this, the Committee questioned management as needed on the appropriate treatment of the items. The significant issues were also the subject of review by the external auditor and the Committee noted that, where needed, the external auditor had confirmed management's treatment was appropriate and that management had made reasonable assumptions. 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 have issued an audit opinion, which appears on pages 97 to 100 of this Annual Report and Accounts, in respect of the annual financial statements.

Other activities

Regular updates were provided to the Committee during 2015 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 2015 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 PROVIDED OVERSIGHT ON A NUMBER OF IMPORTANT MATTERS DURING 2015, INCLUDING A REFRESH OF SOME OF THE COMPANY'S CR POLICIES AND A REFOCUS TO ENSURE GREATER ALIGNMENT BETWEEN OUR CR OBJECTIVES AND OUR RESPONSIBILITIES UNDER OUR LICENSING OBJECTIVES.

Ashley Highfield
Chairman, Corporate Responsibility Committee

During the year the CR Committee provided additional oversight to ensure we further strengthened our compliance and governance framework around the Gambling Commission's three licensing objectives:

– to prevent gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime;

– to ensure that gambling is conducted in a fair and open way; and

– to protect children and other vulnerable persons from being harmed or exploited by gambling.

Membership and meetings

The following is the current membership of the CR Committee together with the year in which membership commenced.

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

James Henderson is the executive director responsible for CR. He is supported by various members of senior management throughout the business on the day-to-day management of CR related issues. The Group Director of Corporate Affairs provides effective co-ordination of CR activities throughout the Group which helps to ensure effective collation and consideration of CR issues throughout the Group. This also enables a flow of high-quality information to the CR Committee. The Company Secretary acts as secretary to the Committee. The CR Committee meetings are regularly attended by relevant members of the Executive Committee team and by various managers, 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 across the operations in the UK. The Committee met on four occasions during 2015 and details of attendance at Committee meetings is set out on page 61.

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 2015

William Hill takes its responsibilities and obligations on CR seriously. In order to provide a more detailed explanation of the key issues facing the business and how the Company is responding to them, a separate review is provided on pages 34 to 43 of this Annual Report.

In order to ensure that the CR Committee reviews the most important CR issues, the agenda for the CR Committee includes standing reports on a number of items, including:

- health and safety;
- community activity, charitable donations and related activity;
- issues in relation to employees, including employee recognition, engagement and wellbeing;
- security;
- compliance and interactions with regulatory authorities; and
- an overview on key CR performance and trends. These are primarily captured and reflected in a CR 'dashboard', which is updated regularly.

The topics discussed and reviewed by the Committee were also expanded to provide more extensive oversight of a revised CR governance framework, which provides greater alignment with the licensing objectives required by the Gambling Commission. To further strengthen the link with the licensing objectives, during the year the Committee also monitored the progress being made on the introduction of algorithms for account-based games machine players and the use of behavioural science analytics to help further reduce the incidence of problem gambling.

Additional topics were also added as standing agenda Committee items, including a more detailed report on arrangements for health and safety in respect of all operations outside of the UK.

Other topics were reviewed and discussed during the year as appropriate, for example, the Company's environmental performance and the steps being taken to improve energy efficiency. The Company also has a detailed engagement programme with key external stakeholders and the Committee discussed and reviewed the engagement programme regularly. Corporate reputation remains vital to any company and during the year the Committee considered a report which assessed the Company's reputation amongst key stakeholders, such as Members of Parliament. The outcomes of the report will help to further improve the effectiveness of the Company's engagement with stakeholders and the Committee will monitor the progress being made and will provide ongoing support to management.

Management continued to refine CR related issues to improve their effectiveness and also refreshed related policies within the business to ensure they remain relevant. In particular, during the year the Committee reviewed and approved revised policies in respect of community engagement, employee equality and health and safety. Collation of information regarding health and safety, security and related incidents across the Retail estate has also improved over the year and the Committee reviewed the implementation of a database which supports the collation of such information and which provides better analysis of the possible root causes of such incidences.

The Committee also discussed compliance with developments in statutory legislation, in particular the Committee:

- noted a review which had been conducted of all construction policies to ensure full compliance with the latest regulations when working with third party contractors across the Retail estate. Contractor competence is also assessed routinely and the results are reviewed by the Committee; and
- considered the impact of the introduction of the Modern Slavery Act 2015. In 2016 the Committee will recommend a statement for approval by the Board on the steps that have been taken to ensure that slavery and human trafficking is not taking place in the business or the supply chain. In the meantime, the Committee has reviewed and has re-affirmed its statement on Human Rights, which appears on page 41 of this Annual Report.

Ashley Highfield
Chairman, Corporate Responsibility Committee

REPORT OF THE NOMINATION COMMITTEE

THE NOMINATION COMMITTEE HAS A VITAL ROLE IN ENSURING THERE IS AN EFFECTIVE PROCESS IN PLACE FOR FUTURE BOARD APPOINTMENTS AND SUCCESSION PLANNING. DURING THE YEAR, THE COMMITTEE DEALT SUCCESSFULLY WITH THE SUCCESSION OF A NEW CHIEF FINANCIAL OFFICER, A CRITICAL ROLE OF THE BOARD. THE COMMITTEE WILL CONTINUE TO FOCUS ON THE RIGHT MIX OF SKILLS, BACKGROUND, KNOWLEDGE AND LENGTH OF TENURE OF BOARD MEMBERS TO ENSURE WE MAINTAIN A STRONG BOARD OVER THE LONGER TERM.

Gareth Davis
Chairman, Nomination Committee

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 meetings as appropriate. The Committee met on four occasions during 2015.

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. Matters within the remit of the Committee are also on occasion undertaken by the Board, for example, discussions on succession planning and more informal meetings with managers in the Company's talent pipeline.

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.

In respect of the recruitment of a new director, the Committee prepares a description of the role required. An external firm is appointed, taking into account the firm's ability to find suitable candidates. The Committee also ensures that the firm has subscribed to the relevant industry codes on executive searches (including diversity).

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 2015, none of these was material to the extent that it would impact on the time required to commit to the Company.

Main activities during 2015

During 2015, the Nomination Committee played an important part in ensuring that the leadership in the business remained well positioned for the future. Neil Cooper, the former Group Finance Director, resigned in June in order to become the CFO of Barratt Developments PLC. As a result, a process commenced to search for a successor. The Committee was supported by the Group Human Resources Director and the Committee appointed The Inzito Partnership (Inzito), an external consultancy firm, to conduct the search and they were responsible for finding suitable candidates from outside of William Hill. In addition, an internal search process was run in parallel with the external search. The Nomination Committee considered the diverse and demanding range of personal and strategic skills, outlook and experience required for the position. An initial list of candidates was prepared and reviewed by the Committee and a number of interviews were held with shortlisted candidates. The search and interviews resulted in the Nomination Committee making a unanimous recommendation to the Board that Philip Bowcock be appointed as the new CFO. In addition to the requirements of the position, the Committee recognised the benefits of Philip's long track record in the leisure industry and his strong commercial background in multi-site international businesses. The Board reviewed and approved the Nomination Committee's recommendation and in August the Company was pleased to announce the appointment of Philip Bowcock as the new CFO. Philip joined the Board in November.

During the selection process for Philip, the Committee took its responsibility in respect of diversity seriously. Inzito is accredited under the Enhanced Code of Conduct for Executive Search firms and as such is committed to improving the diversity of the boards with which they work. Inzito has no other connection with the Company.

The Committee aims to plan ahead for any future changes in Board composition. With this in mind, during the year Sir Roy Gardner (as Senior Independent Director) held discussions with Gareth Davis on the position of the Chairman. Gareth Davis was appointed as Chairman in September 2010 and his current term of office expires in August 2016 but is renewable for a further three years beyond August 2016. Gareth expressed his wish to continue serving as Chairman beyond August 2016. Sir Roy subsequently led a discussion at the Nomination Committee (at which Gareth Davis was not present) and the Committee unanimously recommended to the Board that Gareth's term be extended for another three years from August 2016. The Board welcomed the recommendation, which was approved.

During 2015 and up to the date of this report, the Committee also:

– kept under review succession planning;
– reviewed a report issued by Lord Davies in respect of women on boards;
– considered and recommended to the Board that each director be proposed for re-appointment at the 2015 AGM; and
– reviewed and updated the Committee's terms of reference.

Board diversity and composition

The Board already has a diverse range by way of expertise, business sector background and by length of tenure on the Board. We recognise the benefits that diverse viewpoints can contribute in decision-making. It is the intention of the Board 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.

Going forward, the Committee will take a more detailed look at the longer-term composition of the Board and how this supports the strategic priorities and leadership needs of the business. The Board has also noted the recent final report by Lord Davies on gender diversity, which includes a recommendation as a next step for increasing the voluntary target for women's representation on boards of FTSE 350 companies to a minimum of 33% over the next five years. The Committee will be reviewing this in more detail in due course. However, all appointments will continue to be made on merit.

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 29 DECEMBER 2015.

Imelda Walsh
Chair, Remuneration Committee

Background and Business Context

We continue to operate in a highly competitive international gambling market, and, as expected, 2015 was a challenging year and this is reflected in the outcome of the incentive plans maturing in 2015. However, the Company did achieve a full-year Group operating profit of £291.4m, which was in line with market expectations, and in spite of an additional £87m in UK gambling duties.

Net revenue[1] remains an important KPI for our business (see our KPIs on page 21 and particularly given the continuing consolidation in our industry. Growing net revenue[1] is essential in all areas of our business and as we continue to develop new markets, for 2016 we are including net revenue[1] as one of the targets in the annual bonus plan, alongside operating profit and individual objectives.

As can be seen from our Strategic Report, we continue to innovate and invest in our businesses. We have in place clearly stated strategic priorities and during the period good progress was made on them. Major initiatives such as Project Trafalgar, which brings in-house our 'front-end' customer interfaces in Online, support our drive for growth. These are reflected in our longer-term Business Performance Measures for mobile and digital revenue, which have been included as critical measures in recent Performance Share Plan (PSP) awards. We intend to continue to use the same measures for the 2016 PSP awards, alongside Earnings Per Share (EPS) and Total Shareholder Return (TSR).

In my statement last year, I referred to some of the headwinds facing our business which would impact earnings progression in 2015, including a 'point of consumption tax' and increased Machine Games Duty. We are also experiencing increased race field fees (paid to the Australian horseracing industry). Changes such as these are unique to our industry and cannot always be anticipated and, furthermore, are largely outside the control of management. As such the Committee will review the vesting outcomes to ensure they fairly reflect the Group's overall performance. Our approach to this issue is discussed in more detail on page 83.

The Remuneration Committee (the Committee) continues to believe 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. The Committee reviewed the impact of the changes which are now affecting or will shortly affect the business and concluded that for 2016 this did not necessitate a revision to our existing Remuneration Policy. We will continue to operate within our Policy for 2016. However, there are some changes in the way the existing Policy will be applied and details are provided below.

Since our Remuneration Policy was approved in 2014, we will be submitting a Remuneration Policy for shareholders to consider and approve at the Annual General Meeting to be held in 2017. Later during 2016 the Committee will consider its approach and will review the existing Policy, taking into account relevant factors including ever-evolving good practice and also the environment in which the business operates. It is too early to conclude whether any material changes will be proposed but the principles we have adopted thus far to ensure our remuneration philosophy drives the right behaviours whilst offering incentives that reward where the performance delivered is strong, will help to guide us through the review. We shall of course consult with our larger shareholders as needed in 2016.

2015 remuneration

The 2015 bonus was based 75% on Group operating profit[2] and 25% on individual objectives. The Committee set stretching targets for 2015, which included a Group operating profit[2] threshold of £300.6m. However, since the 2015 Group operating profit[2] was below the threshold, there was no annual bonus payable for 2015, despite the Directors' strong performance against their individual objectives.

The 2013 PSP was based 50% on the Company's relative TSR over three years and 50% on the Company's aggregate EPS over 2013–2015. The Company's TSR ranking was below median and its aggregate adjusted EPS of 83.4p was below the threshold target of 89.0p. We reviewed those industry specific tax and regulatory changes which had not been anticipated when the target range was set and even if an adjustment had been applied, the aggregate adjusted EPS outcome would still have been below the threshold. Therefore, the whole of the 2013 PSP award lapsed.

During the year, Neil Cooper resigned and was replaced as Chief Financial Officer by Philip Bowcock from 1 November 2015 and the Committee followed good practice in respect of both the resignation and the appointment. Neil received no termination payment and his various outstanding share awards lapsed when he ceased employment on 6 November 2015.

Philip's remuneration was announced to the market at the time of his appointment. His salary was set at £420,000 per annum, which is similar to the salary his predecessor was due to receive on 1 January 2016. Philip had the potential for a time pro-rated bonus for 2015 but, as noted above, no bonus was payable for 2015.

Shortly after joining, Philip was granted a PSP award over shares worth 175% of salary on the same terms as the awards made to other executives earlier in the year. No payments or awards were made to him to compensate for lost entitlements at his previous employer.

All of Philip's remuneration is in accordance with our shareholder approved policy. Further details about Philip's remuneration are set out on page 84.

Application of Policy for 2016

As noted above, for 2016 we will operate in accordance with our existing policy. The substantive provisions of the approved policy have been repeated in this year's DRR for ease of reference. However, there are a few changes in the way we will apply our existing policy for this year. In particular, reflecting the importance of growth, 25% of the 2016 bonus will be based on net revenue[1]. Net revenue[1] is a major KPI for William Hill and is reported in the Annual Report. Of the remainder, 60% of the bonus will be based on operating profit[2], and 15% on individual objectives.

Recognising the volatility of earnings in our industry and the impact that certain trading events can have on profit, we have decided to widen the operating profit[2] target range from 95%–105% of target to 90%–110% whilst reducing the level of payment at threshold from 30% of salary to 10% of maximum. As in previous years, no bonus will be payable unless the Group achieves the threshold operating profit hurdle. The Committee is convinced that these changes will ensure that the bonus plan more closely supports our strategic objectives and will be better attuned to our business. Further details of the bonus plan for 2016 are set out on page 83.

The PSP performance measures for 2016 (which will continue to be measured over a four-year period) will remain the same as in 2015. 50% will be based on relative TSR compared to a similar peer group to that used in 2015, with 25% on basic adjusted EPS and 25% on Business Performance Measures (BPMs).

In setting the EPS range, the Committee took into account a number of factors, all of which in combination have an impact on earnings:

– taxes levied on this industry have risen considerably; and
– regulatory changes and other player protection measures which William Hill has supported and in some cases pioneered.

Given the potential year-to-year earnings volatility, the Committee has decided that the EPS measure for 2016 will be set on an aggregate, rather than point to point, basis. Taking into account actual EPS for each of the four years provides better line of sight for participants than focusing on the EPS result in the fourth year (financial year 2019). The Committee concluded that an aggregate EPS range of 106p to 126p will apply and this takes into account the impact of the proposed buy back of shares. The 106p to 126p range is equivalent to an implied growth range of 3% to 10% p.a. Growth remains key to sustaining success at William Hill, therefore the Committee has retained the three BPMs, all of which, as before, focus on mobile and Australia.

The Committee continues to believe that the combination of TSR, EPS and revenue-related measures is the most appropriate, with significant vesting only possible with strong TSR outperformance.

The Committee is conscious that the Company operates in an environment where certain external events, which were not foreseen at the time the targets were set and are outside the control of management, can potentially lead to vesting outcomes which do not fairly reflect the Group's overall performance. Consequently, as permitted under the Company's existing approved remuneration policy, the Committee reserves the right to adjust the vesting outcome to reflect the impact of such changes. Relevant examples include changes to betting taxes and product fees and the impact on financial performance of changes in the regulations governing the gambling industry, subject to management achieving an appropriate level of mitigation. In addition, in accordance with the approved policy, no adjustment to increase vesting will be made without prior consultation with leading investors.

The Committee reviewed the CEO's base salary, which has been £550,000 per annum since his appointment in 2014, and considers that it is towards the lower end of the appropriate market range; and, whilst he has performed strongly, the level of salary increases in the business and cost pressures generally meant that it did not think it was appropriate to increase his salary on 1 January 2016. Therefore, his next review will be in January 2017 when the Committee will consider his overall salary position, bearing in mind that no adjustment will have been made for over two years. As Philip Bowcock was appointed towards the end of 2015, his base salary will remain unchanged in 2016 and will be reviewed again in January 2017.

The activities of the Committee are summarised on page 85.

Finally, I would like to thank my colleagues on the Committee for their hard work in 2015 and for the support we have received from the William Hill management team.

I would also like to thank our shareholders for their support at the AGM in 2015 on the resolution to approve the Annual Report on Remuneration. I hope we can continue to rely on your support at the AGM on 11 May 2016. 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

1 Net revenue is defined as revenues retained from amounts staked after paying customer winnings and deducting free bets.

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.

AT A GLANCE

In this section, we summarise the key principles that underpin our remuneration policy, the remuneration outcomes for the period ending 29 December 2015 and how we will apply our policy in 2016.

Remuneration principles

- *Competitive* – be able to attract and retain senior leaders of a high calibre.
- *Alignment* – align the interests of executive directors and senior management with our shareholders.
- *Performance link* – variable remuneration should be linked to the delivery of the Group's strategic objectives.
- *Flexible* – the remuneration policy should be sufficiently flexible to take account of changes in the Group's business environment and in remuneration practice.

2015 annual bonus

Executive directors did not receive a bonus in respect of FY 2015. The annual bonus was based on two elements: 75% on operating profit and 25% on individual objectives.

- *Operating profit* – 2015 operating profit of £291.4m was below the threshold of £300.6m and therefore none of the operating profit element of bonus was payable.
- *Individual objectives* – despite strong performance against individual objectives, as the Group did not meet the threshold level of operating profit no bonus was payable.

2013 PSP vesting

The PSP awards granted in 2013 had a performance period ending on 29 December 2015. Half of the award was based on relative TSR performance and the other half on a cumulative EPS target.

- TSR: The Company ranked below median (11 out of 14 companies) and therefore this element lapses.
- EPS: Aggregate EPS of 83.4p over the period 2013–2015 was below the target range of 89.0p to 99.3p and therefore the EPS element lapses.

Both conditions were not met and therefore the whole of the 2013 award lapses.

2015 single figure remuneration for current executive directors

Name of director	Basic salary £	Benefits in kind (BIK) £	BIK arising from performance of duties £	Annual bonuses £	Pension £	PSP £	Other payments £	2015 total £	2014 total £
James Henderson	550,000	218,453	23,316	0	110,000	0	12,648	**914,417**	1,406,954
Philip Bowcock (appointed 1 November 2015)	70,000	1,599	0	0	14,000	0	0	**85,599**	n/a

Approach for 2016

Salary	No change to base salaries in 2016.
Benefits and pension	No change proposed.
Annual bonus	Operating profit and individual objectives will have a 60% and 15% weighting respectively (previously 75% and 25%). In 2016, an additional metric, net revenue, will determine 25% of the bonus. Net revenue complements operating profit and provides a focus on growth across existing and new markets. The level of payout for threshold performance has been reduced to 10% of the maximum from 30% of salary. In line with our policy, half of any bonus will be deferred in shares for three years.
Long-term incentives	The CEO and CFO will receive awards with a face value of 200% and 175% of salary respectively which vest after four years subject to performance and continued employment. There is no change in the measures or weightings – 50% will be based on relative TSR (against a group of other gaming and leisure companies), 25% on EPS growth (with a 106p to 126p aggregate four-year target range) and 25% on BPMs (based on mobile Online Sportsbook, Online mobile gaming and Australia digital net revenue growth). A one-year holding period applies creating a five-year period between grant and the ability to sell vested LTIP awards.

The short and long-term metrics support the delivery of our strategy and are aligned with our stated KPIs – see page 21.

The remainder of the DRR comprises the Remuneration Policy Report (pages 75 to 82) and the Annual Report on Remuneration (pages 82 to 92).

This part of the DRR, the Remuneration Policy Report (Policy Report), 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 Report was approved by shareholders at the Annual General Meeting on 8 May 2014 and the substantive terms of the Policy Report are reproduced here for ease of reference. Any details, however, that were specific to 2015 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 was updated last year to reflect two additional features – a higher share ownership requirement for the CFO 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 2016 AGM.

REMUNERATION POLICY REPORT

The Policy Report sets out the approved Directors' 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 certain 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 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 2016 are: CEO – £550,000 CFO – £420,000
Performance metrics	– Executive directors participate in the Company's annual performance management process. Individual and Company performance is 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 CFO 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 and CFO receive company contributions of 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.

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 Executive Bonus Matching Scheme 2007 (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 CFO. – 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 CFO is 150% of salary; target bonus is 70% of salary; and threshold bonus is 30% of salary. *Note, for 2016 threshold payment will be reduced to 10% of the maximum bonus opportunity.*
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 CFO.

Element of remuneration package:	Long-term incentives – Performance Share Plan
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 the CFO a minimum of 150% of salary. – 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) and net revenue. Operating profit measures the underlying profits generated by the business and whether management is converting growth into profits effectively. 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. Both operating profit and net revenue are 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 (legacy and current 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

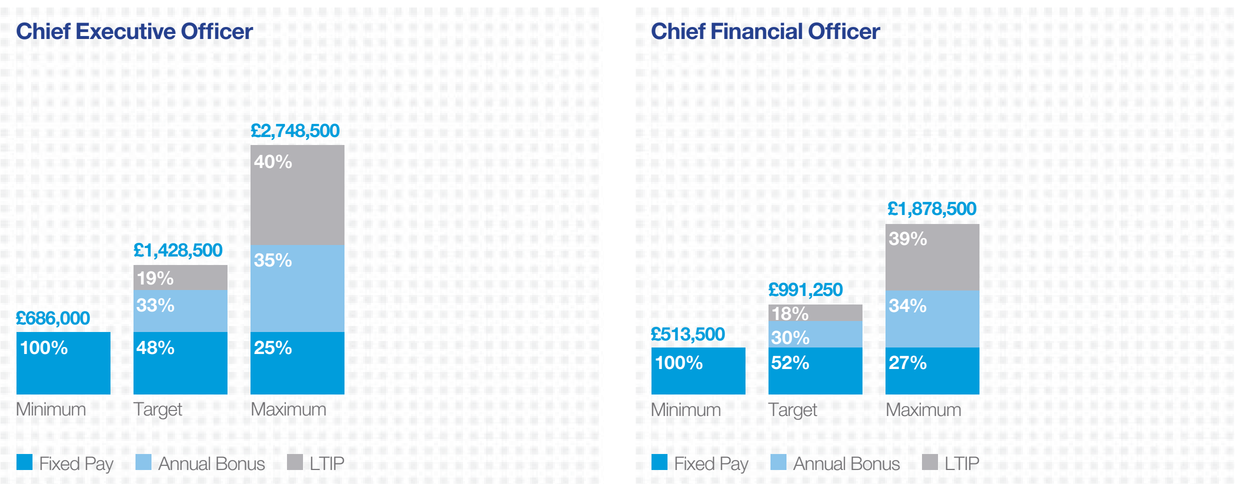
The Company's remuneration policy results in a significant proportion of the remuneration received by executive directors being dependent on Company performance. The chart below shows how total pay for the executive directors varies under three different performance scenarios: Minimum, Target and Maximum.

Minimum
Comprised of the fixed elements of pay being base salary, benefits and pension. Base salary and pension is effective as at 1 January 2016 and the benefits value is the P11D values for 2015 (using an annualised figure for the CFO).

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

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

Remuneration scenarios for executive directors



[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 CFO. 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	26.0	110.0	**686.0**	467.5	962.5	**275.0**	**1,100.0**
CFO	420.0	9.5[2]	84.0	**513.5**	294.0	630.0	**184.0**	**735.0**

[1] These are the value of benefits for 2015 which exclude non-recurring items such as relocation expenses and expenses for attendance at certain sporting events.

[2] Annualised for 2015.

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, Philip Bowcock and under new contracts, monthly payments are reduced in lieu of notice by 100% of the monthly 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 payment of a cash bonus (or associated deferred shares) following notice of termination (by either the employee or Company) of 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 contracts 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, base 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 eligible 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 75 to 82 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's 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.

The Group HR Director regularly updates the Committee on pay and conditions applying to employees across the Group. During 2015, 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. In particular, the Committee has been updated on developments in respect of new legislation on Gender Pay Reporting, changes to UK pension legislation and the National Living Wage. The Committee was pleased to note that from 1 April 2016 the National Living Wage will apply to all UK colleagues over 18.

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.

ANNUAL REPORT ON REMUNERATION

Implementation of Remuneration Policy in 2016

Base salaries

Base salaries for executive directors are normally reviewed annually by the Committee. The Committee takes into account a number of factors when determining increases including the market value of the role, the individual's experience, competency and performance and the budgeted increase across the workforce.

While the Committee considers that the CEO's current salary of £550,000 is towards the lower end of the appropriate market range and that he has performed strongly, the Committee took into account pay increases across William Hill and the cost pressures facing the Company more generally. Therefore the Committee decided not to increase James Henderson's salary in 2016. The next review will be in January 2017 when the Committee will consider the CEO's overall salary positioning against the new remuneration policy, bearing in mind that no adjustment will have been made since James Henderson became CEO in August 2014.

The CFO was appointed in November 2015 on a base salary of £420,000. Given the timing of his appointment, his salary shall remain unchanged in 2016 and his next review will be in January 2017.

The current base salaries as at 1 January 2016 are:

	2016	2015	Increase
James Henderson	**£550,000**	£550,000	0%
Philip Bowcock	**£420,000**	£420,000	0%

Chairman and Non-executive Directors' fees

The Chairman's fee and Non-executive Directors' fees remain unchanged in 2016. As mentioned in last year's report, the Chairman's fee was increased to £300,000 on 1 September 2015. The Non-executive Directors' fees were last increased on 1 October 2014.

– Chairman's fee – £300,000

– Non-executive Director's base fee – £55,000

Supplementary fees:

– Senior Independent Director – £15,000

– Audit Committee Chair – £18,000

– Remuneration Committee Chair – £18,000

– Corporate Responsibility Committee Chair – £18,000

Benefits and pension

Benefits and pension will be provided in line with the information set out in the Policy Table on page 76. The CEO and CFO will each receive a pension allowance of 20% of salary.

Any 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 will be settled by the Company. In cases where such expenses have been classified as taxable benefits by HMRC, any related personal tax due will also be settled by the Company to ensure that the director is not out of pocket.

Annual bonus

The annual bonus maximum, target and threshold levels of bonus for 2016 as a percentage of base salary are as follows:

Executive director	Maximum	Target	Threshold[1]
James Henderson	175%	85%	17.5%
Philip Bowcock	150%	70%	15%

[1] Reduced from 30% of salary in 2015 to 10% of maximum opportunity in 2016.

For several years, executive directors' annual bonuses have been based 75% on a profit measure and 25% on performance against individual objectives. The Committee has reviewed the metrics and has decided to introduce an additional financial measure, net revenue, in 2016. Net revenue is an important strategic KPI at William Hill (see page 21), it is reported in the Consolidated Income Statement (see page 101) and is referred to throughout this Annual Report and in the Company's presentations to investors. Net revenue complements operating profit and provides a focus on creating growth in existing and new markets.

For 2016, 60% of the bonus will be based on operating profit, 25% on net revenue and 15% on individual objectives. The individual objectives will include financial, customer, compliance/regulation, people and leadership goals. No bonus will become payable if a threshold level of operating profit is not met.

Recognising the volatility of earnings in our industry and the impact that certain trading events can have on profit, the Committee has decided to widen the operating profit target range from 95%–105% of target to 90%–110%. The net revenue range will be 95%–105% of target.

The overall bonus maximum and target will remain unchanged from 2015, while payment at threshold will be reduced from 30% of salary to 10% of maximum.

The operating profit[1], net revenue[2] 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.

The Remuneration Committee is satisfied that the annual bonus plan remains stretching and challenging for management. Furthermore, the changes to the way we operate the bonus will more closely support our strategic objectives and will be better attuned to our business.

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

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 the revenue retained from the amounts staked after paying out customer winnings and deducting free bets.

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 CFO respectively in 2016.

The Committee again reviewed the measures determining long-term performance in light of the Company's strategic outlook.

TSR and EPS continue to be relevant measures of performance, and it remains appropriate to continue with the additional revenue-related Business Performance Measures (BPMs) introduced in 2014. The Committee believes that this combination will focus executives on the key drivers of future growth and reinforce alignment with 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 – the peer group will comprise the following companies.

888 Holdings	Betsson
GVC	Enterprise Inns
Greene King	International Game Technology
JD Wetherspoon	Ladbrokes
Marston's	Mitchells & Butlers
OPAP	Paddy Power Betfair
Playtech	Rank
The Restaurant Group	Unibet

The only changes from the 2015 TSR comparator group are the removal of Betfair following its merger with Paddy Power, the replacement of Bwin by its acquirer, GVC, and following its merger, the substitution of Lottomatica with the new combined company, International Game Technology.

- EPS will apply for 25% of the award. Given the potential year to year earnings volatility, the Committee has decided that the EPS measure for 2016 will be set on an aggregate, rather than point to point, basis. Taking into account actual EPS for each of the four years provides better line of sight for participants than focusing on the EPS result in the fourth year (FY 2019). Vesting will be based on achievement of the following aggregate four-year target over the period 2016–2019.

Aggregate EPS range	Vesting
Less than 106 pence	0%
106 pence	25%
Between 106 pence and 126 pence	Between 25% and 100% on a straight-line basis
126 pence or higher	100%

- The Committee believes the above range, which is equivalent to an implied growth range of 3% to 10% p.a., is very challenging in the light of the Group's earnings projections over the next four years including the impact of the proposed buy back of shares and, taking account of the full impact of the known industry specific taxation and regulatory changes and the introduction of the National Living Wage from April 2016. As mentioned in the Annual Statement, the Committee reserves the right to adjust the vesting outcome to take into account the impact of unforeseen changes. Relevant examples include changes to betting taxes and product fees and the impact on financial performance of changes in regulations governing the gambling industry, subject to management achieving an appropriate level of mitigation. Any changes to increase the vesting outcome will only occur after prior consultation with leading investors.
- The BPMs will continue to apply for 25% of the award to be made in 2016. Three measures continue to be used – net revenue growth in Online mobile Sportsbook, Online mobile gaming and Australia digital 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. For each measure, a sliding scale of four-year growth targets will be set using the 2015 actual result as the base figure.

	BPMs		
Base year net revenues	**Online Mobile Sportsbook**	**Online Mobile Gaming**	**Australia Digital**
2015	**£176.5m**	**£118.0m**	**A$150.0m**

- 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 90 of this report for an overview of progress to date against these three BPMs for up to 25% of the 2014 and 2015 PSP awards.
- As was the case with awards made in 2015, the 2016 PSP awards 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.

Annual bonus and LTIP metrics

On pages 20 and 21 of the Annual Report we set out the Company's indicators of strategic progress and KPIs. One of the Committee's key principles is to ensure directors' rewards and therefore, the choice of short and long-term performance measures in incentive plans, directly support the delivery of Company's strategy. The table below shows how the bonus and PSP metrics are aligned with the strategic KPIs.

	Performance metrics	Strategic link
Annual bonus	Operating profit (60%)	The primary Group KPI – measures success in delivering top line growth while controlling costs.
	Net revenue (25%)	A Group KPI – the key indicator of top line growth and capturing market share.
	Individual objectives (15%)	Supports the Group's three strategic priorities: – Increased differentiation through technology; – Maximising Omni-Channel potential of Retail and Online; and – Extending our expertise into international markets. Also, directly supports the Group's Corporate Responsibility KPIs.
PSP	Relative TSR (50%)	This supports our objective to create superior value for shareholders.
	EPS (25%)	A Group KPI – the key indicator of the Group's growth after allowing for all costs including interest and tax.
	BPMs (25%)	Our strategy is to increase the diversification of the Group's revenues by growing our digital and non-UK revenues (see page 10).

Remuneration package for the new CFO

Philip Bowcock was appointed CFO and joined the Board on 1 November 2015. His remuneration is consistent with the Company's approved Directors' Remuneration Policy. Philip's remuneration arrangements are as follows:

- Base salary set at £420,000 and will next be reviewed in January 2017;
- Company pension allowance of 20% of salary;
- Benefits in line with the approved remuneration policy;
- Bonus opportunity of 150% of salary. Philip was eligible for a pro-rata bonus in respect of 2015 performance subject to performance. The terms of his 2016 annual bonus are set out on page 82;
- PSP award of up to 175% of salary. An award over shares with a face value of 175% of salary was granted to Philip upon joining the Company. This award will be subject to the same four year performance conditions as for the awards made to other executives earlier in the year. Full details are provided on page 83;
- Philip's service contract requires 12 months' notice of termination by him and 12 months' notice by the Company; and
- The Company did not make any payments to Philip in lieu of any lost bonus, other incentives or benefits arising from his previous employment.

Remuneration in 2015

Membership of the Remuneration Committee

The members of the Committee during 2015 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	2014

The Group's Company Secretary, Luke Thomas, 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 2015
- Consideration of annual bonus design for 2015

February 2015
- Approve 2014 Directors' Remuneration Report
- Bonus payments in respect of 2014 performance
- Approval of the vesting of 2012 PSP awards
- Release of 2012 EBMS awards and approval of any matching shares
- Update on investor consultation
- Review of executive shareholdings against the guidelines
- Approval of 2015 annual bonus design
- Approval of 2015 PSP awards
- Sharesave 2015 launch

July 2015
- Incentives update at half year
- Review of Remuneration Committee calendar
- Initial discussion of incentive policy

August 2015
- Remuneration for new CFO and exit terms for the outgoing Group Finance Director

September 2015
- Update on 2015 UK Pay Review and introduction of National Living Wage
- Discussion on remuneration for 2016
- Update on 2015 annual bonus and 2013 PSP Performance

December 2015
- Further discussion on annual bonus plan and PSP awards for 2016
- Review of Remuneration Committee terms of reference
- CEO base salary review

Advice to the Committee

During 2015, the Committee consulted the CEO, the CFO and 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, and are assisting with certain UK pension matters.

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 and joining arrangements, DRR disclosure requirements, TSR performance monitoring updates and developments in market practice.

NBS fees incurred for 2015 were £123,652 (excluding VAT which the company does not reclaim), 2014 fees were £94,720.

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.

Statement of shareholder voting at 2015 AGM

At the 2015 AGM, a resolution was proposed for shareholders to approve the 2014 Annual Report on Remuneration. The following votes were received:

	2014 Annual Report of Directors' Remuneration	
	Total number of votes	% of votes cast
For	586,568,233	99.6%
Against	2,570,863	0.4%
Total	**589,139,096**	**100.0%**
Withheld	4,551,802	–

A majority (over 50%) of the votes cast was required for the resolution to be passed and the 2014 Annual Report on Remuneration was duly approved by shareholders. The Committee considers that the level of support received at the 2015 AGM was high, 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									
James Henderson	**2015**	**550,000**	**218,453[5]**	**23,316**	**0**	**110,000**	**0**	**12,648**	**914,417**
	2014	270,565[3]	164,151	0	400,550	66,017	505,671[9]	–	1,406,954
Philip Bowcock[4]	**2015**	**70,000**	**1,599[6]**	**0**	**0**	**14,000**	**–**	**–**	**85,599**
(from 1 November 2015)	2014	–	–	–	–	–	–	–	–
Non-executive Directors									
Gareth Davis	**2015**	**286,667**	**–**	**32,554**	**–**	**–**	**–**	**–**	**319,221**
	2014	280,000	–	53,400	–	–	–	–	333,400
Sir Roy Gardner[10]	**2015**	**70,000**	**–**	**19,698**	**–**	**–**	**–**	**–**	**89,698**
	2014	48,655	–	12,130	–	–	–	–	60,785
Ashley Highfield	**2015**	**73,000**	**–**	**2,793**	**–**	**–**	**–**	**–**	**75,793**
	2014	65,500	–	2,808	–	–	–	–	68,308
Georgina Harvey	**2015**	**55,000**	**–**	**2,793**	**–**	**–**	**–**	**–**	**57,793**
	2014	51,250	–	925	–	–	–	–	52,175
David Lowden	**2015**	**73,000**	**–**	**3,040**	**–**	**–**	**–**	**–**	**76,040**
	2014	69,250	–	372	–	–	–	–	69,622
Imelda Walsh	**2015**	**73,000**	**–**	**2,793**	**–**	**–**	**–**	**–**	**75,793**
	2014	65,500	–	–	–	–	–	–	65,500
Former directors									
Neil Cooper	**2015**	**336,144**	**25,408[7]**	**2,651**	**0**	**66,667**	**0**	**–**	**430,870**
(to 6 November 2015)[8]	2014	380,000	18,001	6,150	502,398	76,000	739,056[9]	13,077	1,734,682
Ralph Topping	**2015**	**–**	**–**		**–**	**–**	**–**	**–**	**–**
(to 31 July 2014)	2014	379,167	20,412	46,702	567,684	94,792	1,264,176[9]	–	2,372,933
David Edmonds	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
(to 8 May 2014)	2014	19,599	–	17,937	–	–	–	–	37,536

Notes:

1 Following a review by HMRC in 2014, 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 a PAYE Settlement Agreement (PSA) with the HMRC. 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.

2 James Henderson's value reflects the gain on his 2012 SAYE share options. Neil Cooper's prior year value reflects the gain on his 2011 SAYE share options. The 2012 SAYE gain is calculated using the share price of 397p on 3 August 2015 (the first day of vesting) against the exercise price of 165p. The 2011 SAYE gain is calculated using the price of 343p on 1 August 2014 (the first day of vesting) against the exercise price of 140p.

3 James Henderson joined the Board on 4 July 2014 and his 2014 salary reflects the period during which he was a director.

4 Philip Bowcock was appointed to the Board as CFO on 1 November 2015. His emoluments relate to the two month period he was on the Board in 2015.

5 Contractual benefits for James Henderson included private healthcare, life assurance, income protection and company car (total value of £25,923). As disclosed in last year's remuneration report, the CEO had a relocation package, this covered stamp duty (partial), estate agent and legal fees, removals, connection/disconnection fees and other relocation expenses. £64,008 was incurred last year and a further £192,530, including the income tax gross up, was incurred in 2015, totalling £256,538. This was less than the £275,273 (gross) than had been agreed and no further payments are due.

6 Contractual benefits for Philip Bowcock included private healthcare, life assurance, income protection and company car allowance.

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

8 Neil Cooper ceased to be a director on 6 November 2015. His emoluments relate to the period as a Board director and he did not receive any remuneration payments other than that accrued up to his departure date.

9 An estimated value of the 2012 PSP awards vesting in 2015 was provided in last year's report based on the average share price for the last quarter of 2014. The figures have been updated to reflect the actual share price (383p) on 9 March 2015, the date of vesting.

10 Sir Roy Gardner's taxable expenses for 2014 and 2015 include £9,298 (2014: £9,104) for transitional secretarial and administrative assistance relating to his duties for the Company. This arrangement ceased in 2015.

2015 Annual Bonus

75% of the 2015 Annual Bonus Plan was based upon the operating profit performance of the Group measured against the targets as approved by the Committee at the start of the year.

2015 operating profit of £291.4m was below the threshold target of £300.6m and therefore none of the bonus relating to operating profit performance became payable.

Performance	2015 Operating profit targets	2015 Actual operating profit
Threshold	£300.6m	
Target	£316.4m	£291.4m
Maximum	£332.2m	

The other 25% of the bonus was based on individual objectives. In the case of the CEO, these were based on leadership, the creation of an executive structure to support the strategy, reviewing the strategy and taking the lead in the debate over Responsible Gambling. In the case of the new CFO (who joined the business on 1 November 2015) they were related to finalising the 2016 business plan, reviewing the finance team structure, preparation of the 2015 financial year accounts, preparation of market guidance and reviewing the financing of the business. While the CEO and new CFO performed strongly, as the Group did not meet the operating profit threshold none of the bonus relating to individual objectives became payable. As already stated, Neil Cooper resigned as a director in 2015 and the Committee determined that no bonus was payable.

Therefore no bonus will be paid for 2015 performance for any executive director who served during the year and consequently no deferred bonus (EBMS) awards will be granted in 2016.

Long-term incentives vesting in relation to performance ending in 2015

As previously reported, in 2013, the Committee awarded James Henderson (i.e. prior to him joining the Board), Neil Cooper and the former CEO, Ralph Topping, shares to the value of 100% of their respective salaries at the time of grant (2013 PSP awards). Half of the awards were subject to an aggregate EPS condition and the other half against a relative Total Shareholder Return condition measured against a group of gaming and leisure companies.

	Performance period	Targets	Actual performance	Vesting
Aggregate earnings per share (50%)	2 January 2013 to 29 December 2015	– Less than 89.0p – nil vesting – 89.0p – 25% vesting – 99.3p or higher – 100% vesting Vesting on a straight-line basis for performance in between 89p and 99.3p.	83.4p was below the threshold of 89.0p.	Nil
Total shareholder return (50%)	1 January 2013 to 31 December 2015	– Below median ranking – nil vesting – Median ranking – 25% vesting – Upper quartile ranking or better – 100% vesting Vesting on a straight-line basis for performance in between median and upper quartile.	William Hill's TSR was 22.4% which ranked it at 11 out of 14 gaming and leisure companies. This performance was below median (7.5 ranking).	Nil

As the EPS and TSR conditions were not met, the whole of the 2013 award lapsed.

Since the targets were originally set there have been increases in industry specific taxes and new regulations have been introduced. Had the Committee decided to exercise its discretion and exclude the EPS impact of those unforeseen changes, it is estimated that the aggregate EPS would have increased to 86.1p which is still below the threshold and therefore would not have changed the vesting outcome.

PSP and EBMS awards granted in 2015

	Scheme	Basis of award granted	Shares awarded	Face value of award[1]	Maximum vesting	Percentage vesting for threshold performance	Vesting period
James Henderson	PSP 2015	200% of salary	286,533	£1,100,000	100%	25%	Performance measured over the four financial periods ending 1 January 2019. Awards will vest to participants on the fourth anniversary of grant subject to continued employment
Philip Bowcock	PSP 2015	175% of salary	231,788	£735,000	100%	25%	
Neil Cooper[2]	PSP 2015	175% of salary	182,340	£700,000	100%	25%	

1 The awards granted to James Henderson and Neil Cooper have face values based on a share price of 384p being the share price on the date of grant, 9 March 2015. Philip Bowcock's award was granted on 3 November 2015 and its face value is based on a share price at the time of grant of 317p.

2 Under the PSP rules, Neil Cooper's award lapsed upon ceasing employment.

The PSP awards are in the form of nil cost options and are subject to three performance conditions – relative TSR, EPS growth and BPMs – each measured over four financial periods commencing on 31 December 2014.

Measure	Weighting	Performance condition
Relative Total Shareholder Return	50%	The Company's TSR is measured over the period 1 January 2015 to 31 December 2018 against the returns of a group of 17 gaming and leisure companies[1]. If TSR is: – Below median, none of this element will vest; – At median, 25% vests; – At upper quartile or better, 100% vests; and – For performance between median and upper quartile, vesting is on a straight-line basis.
Earnings per Share	25%	Based on EPS compound annual growth by comparing 2018 EPS with 2014 EPS of 29.9p. If EPS growth is: – Less than 2% p.a., none of this element will vest; – 2% p.a., 25% vests; and – Equal to or greater than 6% p.a., 100% vests. For performance between 2% p.a. and 6% p.a., vesting is on a straight-line basis. This range was set in light of internal and external forecasts which, at the time, took into account the introduction of Point of Consumption Tax, the increase in Machine Games Duty and other EU indirect taxes.
Business Performance Measures	25%	Three BPMs apply – Mobile Sportsbook net revenue growth, Mobile Gaming net revenue growth and Australia Digital net revenue growth – each with an equal weighting[2]. For each measure, a sliding scale of four-year growth target was set using the 2014 actual net revenues result as the base figure: – Online Mobile Sportsbook £141.9m – Online Mobile Gaming £86.8m – Australia Digital 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 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.

[1] The 2015 TSR group comprised 888, Betfair, Betsson, Bwin, Enterprise Inns, Greene King, JD Wetherspoon, Ladbrokes, Lottomatica, Marston's, Mitchells & Butlers, OPAP, Paddy Power, Playtech, Rank, The Restaurant Group and Unibet.

[2] 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.

In respect of performance in 2014, James Henderson and Neil Cooper received bonuses of £596,987 (of which £400,550 was in respect of service as a main Board director) and £502,398 respectively. Half of the bonus was deferred in shares for three years under the EBMS. In line with the approved policy and as disclosed last year the former CEO, Ralph Topping, received his bonus in cash.

The following EBMS awards were granted on 9 March 2015:

	Scheme	Basis of award granted	Shares awarded	Face value of award[1]	Vesting period
James Henderson	EBMS 2015	50% of 2014 bonus	77,754	£298,494	Awards vest three years after grant subject to continued employment. No performance conditions apply.
Neil Cooper[2]	EBMS 2015	50% of 2014 bonus	65,434	£251,199	

[1] The awards have face values based on a share price of 384p being the share price on the date of grant, 9 March 2015. For James Henderson the award was based on his total bonus not just that relating to the period since his appointment as a director.

[2] Under the EBMS rules, Neil Cooper's award lapsed upon ceasing employment.

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 2014	Granted during the period	Lapsed during the period	Exercised during the period	Number of shares at 29 December 2015	Date from which exercisable	Expiry date
James Henderson	PSP 2012	126,042	–	(5,924)	(132,029)	–	Mar 2015	Mar 2022
	PSP 2013	70,531	–	–	–	70,531	Apr 2016	Apr 2023
	PSP 2014	161,440	–	–	–	161,440	Mar 2018	May 2024
	PSP 2015	–	286,533	–	–	286,533	Mar 2019	Mar 2025
	EBMS 2012	47,391	–	–	(52,090)	–	Mar 2015	Apr 2015
	EBMS 2013	22,673	–	–	–	22,673	Apr 2016	May 2016
	EBMS 2015	–	77,754	–	–	77,754	Mar 2018	Apr 2018
	SAYE 2012	5,451	–	–	(5,451)	–	Aug 2015	Feb 2016
	SAYE 2014	3,296	–	–	–	3,296	Aug 2017	Feb 2018
	SAYE 2015	–	2,970	–	–	2,970	Aug 2018	Feb 2019
	Total	**436,824**	**367,257**	**(5,924)**	**(189,570)**	**625,197**		
Philip Bowcock	PSP 2015	–	231,788	–	–	231,788	Mar 2019	Nov 2025
	Total	**–**	**231,788**	**–**	**–**	**231,788**		
Neil Cooper (former director)	PSP 2012	184,215	–	(8,659)	(192,965)	–	Mar 2015	Mar 2022
	PSP 2013	97,461	–	(97,461)	–	–	Apr 2016	Apr 2023
	PSP 2014	204,490	–	(204,490)	–	–	Mar 2018	May 2024
	PSP 2015	–	182,340	(182,340)	–	–	Mar 2019	Mar 2025
	EBMS 2012	103,897	–	–	(114,199)	–	Mar 2015	Apr 2015
	EBMS 2013	58,477	–	(58,477)	–	–	Apr 2016	May 2016
	EBMS 2015	–	65,434	(65,434)	–	–	Mar 2018	Apr 2018
	SAYE 2014	6,593	–	(6,593)	–	–	Aug 2017	Feb 2018
	Total	**655,133**	**247,774**	**(623,454)**	**(307,164)**	**–**		
Ralph Topping (former director)	PSP 2012	315,104	–	(14,810)	(330,072)	–	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 2012	315,589	–	–	(346,884)	–	Mar 2015	Apr 2015
	EBMS 2013	192,550	–	–	–	192,550	Apr 2016	May 2016
	SAYE 2012	5,451	–	–	(5,451)	–	Aug 2015	Feb 2016
	Total	**1,395,158**	**–**	**(14,810)**	**(682,407)**	**759,014**		

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 periods. Since the period end the 2013 PSP awards have lapsed in their entirety as the performance thresholds were not achieved.

2014 PSP awards are based half on a relative TSR measure, which measures the Company's TSR performance against a comparator group of gaming and leisure companies. For a ranking below median none of this element will vest, rising on a straight-line basis to full vesting of this element for a ranking at or above the upper quartile. One quarter of this award is based on EPS compound annual growth as measured on a point to point basis by comparing the EPS for 2017 against 2013. None of this element will vest if growth is less than 4% p.a. growth and 100% will vest for 8% p.a. growth or better and one quarter on BPMs, all measured over four financial periods.

The Committee has the power, under the approved remuneration policy, to adjust the PSP vesting outcome if it considers this is inconsistent with the Group's overall performance, see page 83 for more detail.

EBMS awards are deferred bonus shares, which will vest after three years, subject to continued employment only.

PSP and EBMS awards exercised include dividend shares.

Update on Business Performance Measures for 2014 and 2015 PSP awards

A sliding scale of four-year growth targets was set for the three BPMs using the actual result for the financial year prior to grant as the base figure (representing 25% of the total award). The following table shows performance in all three areas since 2013.

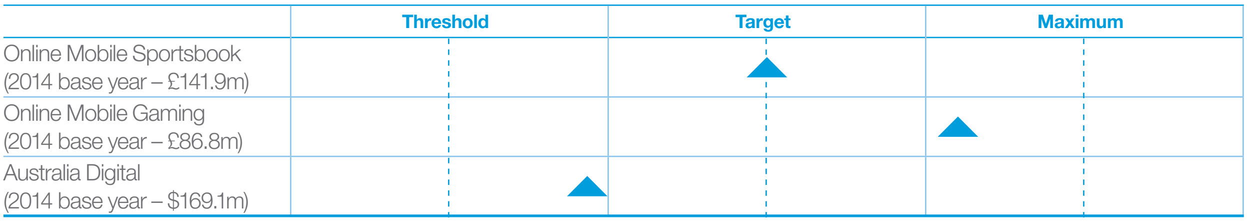
Net revenues	Online Mobile Sportsbook	Online Mobile gaming	Australia digital
2013	£95.9m	£40.0m	$156.1m[1]
2014	£141.9m	£86.8m	$169.1m
2015	**£176.4m**	**£118.1m**	**$150.0m**

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

The graphic below provides an indication of vesting performance (based on performance to 29 December 2015) against the target range.

2014 award (based on two years' performance out of four)

2015 award (based on one year performance out of four)



Current indicative outcome.

Further details on the BPMs are shown as part of the Key Performance Indicators section of the main Annual Report on page 21. Actual vesting levels will be dependent on performance over the full four-year performance period.

Table of directors' share interests

The share interests of each person who was a director of the Company during the year as at 29 December 2015 (together with interests held by his or her connected persons) were as follows:

	Owned		PSP awards		EBMS awards		SAYE		Total	% of salary held under Shareholding Policy[1]
Name of director	**30.12.14**	**29.12.15**	**Unvested**	**Vested**	**Unvested**	**Vested**	**Unvested**	**Vested**	**29.12.15**	**29.12.15**
Executive directors										
James Henderson	63,038	101,992	518,504	–	100,427	–	6,266	–	**727,189**	65%
Philip Bowcock[2]	n/a	0	231,788	–	–	–	–	–	**231,788**	0%
Non-executive Directors										
Gareth Davis	114,888	146,488	–	–	–	–	–	–	**146,488**	–
Roy Gardner	10,000	10,000	–	–	–	–	–	–	**10,000**	–
David Lowden	12,222	12,222	–	–	–	–	–	–	**12,222**	–
Ashley Highfield	8,520	8,520	–	–	–	–	–	–	**8,520**	–
Georgina Harvey	12,221	12,221	–	–	–	–	–	–	**12,221**	–
Imelda Walsh	12,222	12,222	–	–	–	–	–	–	**12,222**	–
Former directors[3]										
Neil Cooper	407,802	568,861	0	0	0	0	0	0	**568,861**	–

[1] Calculated as legally owned shares held on 29 December 2015 multiplied by the average of the three month share price to 29 December 2015 (352p) divided by 2016 base salary. The shareholding policy is summarised on page 78.

[2] Philip Bowcock joined the Board on 1 November 2015.

[3] Neil Cooper ceased to be a director on 6 November 2015. His closing value is based on the number of shares he held at the time he stepped down from the Board.

During the period 29 December 2015 to 26 February 2016, apart from the lapsing of the 2013 PSP award, there have been no changes in the directors' share interests.

Payments for loss of office

On 18 June 2015, the Company announced that Neil Cooper had advised the Board of his intention to leave William Hill. Neil Cooper worked part of his 12-month notice period and left the Company on 6 November 2015.

Neil received his salary, benefits and pension contribution up to 6 November 2015. Neil did not and will not receive any remuneration payments other than that accrued up to his date of leaving.

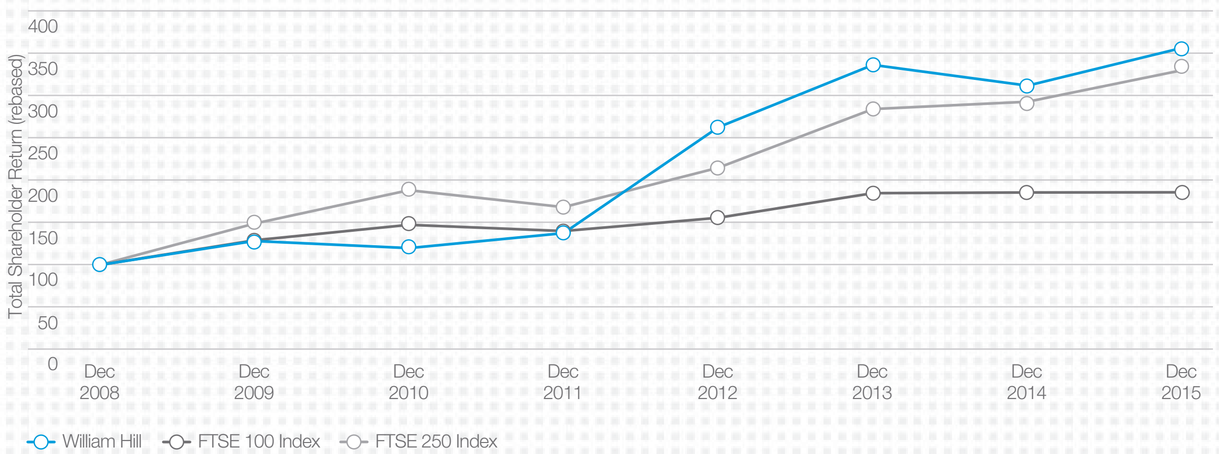
In accordance with the PSP and EBMS plan rules, Neil Cooper was not treated as a good leaver and his outstanding share awards under the two plans have lapsed.

For the sake of completeness, the former CEO, Ralph Topping, stepped down from the Board on 31 July 2014. Under the terms of his contract he was entitled to salary and contractual benefits for the 12 months from 3 July 2014 when he had been given notice. Accordingly, he received these payments until July 2015. He was also treated as a good leaver for the purposes of his share incentive awards. In 2015, as reported last year, his 2012 PSP award vested at 95.3%, but since the period end his 2013 PSP award which was due to vest in 2016 has lapsed. His 2014 PSP award is due to vest in March 2018 subject to performance and a time pro-rata reduction. His 2012 EBMS award vested and his 2013 EBMS award is due to vest in 2016.

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 it is appropriate to compare William Hill's performance against both indices.

Total Shareholder Return



Source: Thomson Reuters

This graph shows the value, by 29 December 2015, of £100 invested in William Hill on 30 December 2008 compared with the value of £100 invested in the FTSE 100 Index and £100 invested in the FTSE 250 Index. The other points plotted are the values at intervening financial year-ends.

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]	2015 JH
Ralph Topping/James Henderson								
Single figure remuneration (£'000)	£1,055	£1,650	£3,403[5]	£1,914	£4,673	£2,373	£1,407	**£914**
Annual Bonus Outcome (% Maximum)	90%	100%	94%	100%	0%	86%	88%	**0%**
LTIP Vesting Outcome (% Maximum)	0%[1]	0%[2]	49%[3]	n/a	100%[4]	95%[6]	95%[6]	**0%[9]**

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.

9 2013 PSP award.

Change in remuneration of the CEO

	Base Salary			Taxable Benefits[2]			Bonus		
	2015	2014[1]	% Change	2015	2014[1]	% Change	2015	2014[1]	% Change
CEO	**£550,000**	£608,334	-10%	**£25,923**	£28,107	-8%	**£0**	£922,503	-100%
Salaried Employees	**£23,850**	£23,255	3%	**£1,488**	£1,377	8%	**£170**	£1,371	-88%

[1] 2014 CEO's figure calculated as seven months' salary, benefits and bonus for Ralph Topping plus five months' salary, benefits and bonus for James Henderson.

[2] Taxable benefits excludes relocation costs and taxable expenses.

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 2014 and 2015. Part-time and hourly paid employees in either 2014 or 2015 have been excluded from the comparison figure as a more meaningful analysis can be achieved by comparing changes in remuneration for relevant full-time and salaried staff.

Relative importance of spend on pay

The following table sets out the percentage change in profit, dividends and overall spend on pay in 2015 compared to 2014.

	2015	2014	% Change
Profit after tax	**£189.9m**	£206.3m	-8%
Dividends paid	**£108.4m**	£104.0m	+4%
Employee remuneration costs	**£321.4m**	£349.3m	-8%

Auditable sections of the Annual Report on Remuneration

The auditable sections of the Annual Report on Remuneration are shown from page 86 (starting with the single total figure of remuneration for each director) up to page 91 (including the section titled Payments for loss of office).

Approval

This report was approved by the Board of directors on 26 February 2016 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 29 December 2015. The following also form part of this report:

- pages 58 and 59, which show the names of all persons who were directors of the Company during the period. In addition, during the period Neil Cooper served as a director of the Company. Mr Cooper resigned from the Board on 6 November 2015;
- the reports on corporate governance set out on pages 51 to 71;
- information relating to financial instruments, as provided in the notes to the financial statements;
- related party transactions as set out in note 31 to the financial statements; and
- greenhouse gas emissions, set out on pages 42 and 43.

Details of committee memberships for each director are set out on pages 58 and 59. 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 position and performance, business model and strategy.

The Statement of Directors' Responsibilities appears on page 96.

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 29 December 2015 and which covers likely future developments in the Group. The Chairman's overview, CEO's statement, 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 £189.9m (2014: £206.3m). The directors recommend a final dividend of 8.4p per share to be paid on 3 June 2016 to ordinary shareholders on the Register of Members on 29 April 2016 which, if approved, together with the interim dividend of 4.1p per share paid on 4 December 2015, makes a total of 12.5p per share for the period.

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 26 February 2016, the Company had an allotted and fully paid-up share capital of 884,567,665 ordinary shares of 10p each with an aggregate nominal value of £88,456,766.

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, and is also available on the company's website, www.williamhillplc.com. 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 29 December 2015, 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)	13.03%
Morgan Stanley & Co. International PLC (D)	7.99%
Oppenheimer Funds, Inc (I)	5.13%
Capital Research and Management Company (I)	5.07%
BlackRock Advisors (UK) Limited (I)	5.04%
Artemis Investment Management LLP (D and I)	4.98%
Schroders plc (I)	4.98%

In the period 30 December 2015 to 26 February 2016, the following changes were disclosed in accordance with the Disclosure and Transparency Rules:

Name of holder	Percentage shareholding
Parvus Asset Management (UK) LLP (I)	14.01%
Morgan Stanley & Co International PLC (D)	7.16%
BlackRock Advisors (UK) Limited (I)	5.28%

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.

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 or political expenditure incurred during the period in respect of EU political parties, candidates or organisations (2014: nil).

The Board has, however, given approval for certain subsidiaries in respect of William Hill's US business to make donations within specified limits. In the US, it is far more common for corporations to participate in the political process through a variety of methods, including raising or donating funds to political candidates. The approval from the Board will permit the US business to decide and agree on modest political contributions to candidates for political office in jurisdictions where the Company is doing or seeks to do business. Contributions to political candidates do not guarantee that elected officials will support a particular piece of legislation or otherwise act in their official capacity to benefit the Company, rather, they assist in electing individuals whom the Company believes are likely to support its business goals and in establishing productive working relationships with elected representatives.

The Board therefore believes that giving approval for the US business to make such political contributions is essential for the Company to fully participate in the American political process. In respect of the US, no political expenditure was incurred in 2015 (2014: $21,200).

Authority to purchase own shares

An authority for the Company to purchase its own shares remains valid until the forthcoming Annual General Meeting (AGM), 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 29 December 2015, 7,402,421 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:

- 2,243,454 shares under the employee Sharesave Scheme, at prices between 129p and 365p per share;
- 3,239,341 shares under the Employee Bonus Matching Scheme;
- 1,842,489 shares under the Performance Share Plan; and
- 77,137 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 11 May 2016 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 themselves 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
26 February 2016

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 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 is 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 position and performance, business model and strategy.

This responsibility statement is approved by the Board of directors and is signed on its behalf by:

J Henderson
Chief Executive Officer
26 February 2016

P Bowcock
Chief Financial Officer
26 February 2016

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 29 December 2015 and of the Group's profit for the 52 weeks 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 32, 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 64 regarding the appropriateness of the going concern basis of accounting and the directors' statement on the longer-term viability of the Group contained within the Strategic Report on page 50.

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 46 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 47-50 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in the Statement of Group Accounting Policies on page 106 of the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements; and
- the directors' explanation on page 50 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. 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.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

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 The Group has goodwill of £1,145.8 million which is tested annually for impairment against value in use of the Group's CGUs – Retail, Online, Stadia, US and Australia. The annual impairment test is a complex process requiring significant management judgement and is based on key assumptions about future profitability and cash flows, selecting appropriate discount and long-term growth rates, which are disclosed in note 12 of the Group financial statements. Our risk is focused on the sensitivity to those key assumptions used in the Group's impairment review, and the ultimate recoverability of goodwill.	Our work focused on evaluating the design and implementation of key controls in this area and challenging the following key assumptions used by management in conducting their impairment review: – agreement of cash flow assumptions to board-approved budgets; – validating the reasonableness of the cash flow forecasts by comparing value in use to the Group's market value; – assessing management's historical budgeting accuracy; – challenge of short-term growth rates used in the Group's and component's forecasts by reference to current performance and plans; – 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; – using our internal valuation 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. From the result of our procedures, we did not identify any impairment of goodwill for the Group's CGUs.
Validity of capitalised software development costs and associated useful economic lives (UELs) As disclosed in note 12 to the financial statements, £47.9 million of computer software additions has been capitalised in 2015 as a result of the Group's strategy to differentiate through technology development. The investment in software development gives rise to a risk that costs are capitalised which do not meet the criteria for recognition under IAS 16 Property, plant and equipment and/or IAS 38 Intangible assets and the risk that due to the pace of technological development that new assets are not amortised over appropriate useful lives.	We evaluated the design and implementation of internal controls governing the capitalisation of costs and management's periodic review of the status of capital projects. We tested a sample of capitalised software additions for valuation as well as to determine whether the asset met capitalisation criteria. We understood the nature of the asset in order to assess the reasonableness of the useful life selected. We also assessed the business case for the capital project and whether new assets created replaced existing assets and indicated a risk of impairment or revised useful life for those existing assets. Based on our work performed, we did not note any instances where capitalisation of software development costs was not appropriate.
Accuracy and completeness of revenue The Group has a number of income streams and platforms, the material being Retail, Online (mobile and desktop) and Australia. Revenue is derived from higher volume and typically lower value transactions and is dependent on the outcome of events wagered on. The completeness and accuracy of revenue recognised is dependent on the configuration of underlying IT systems, how these interface with the financial information system, and the effectiveness of the systematic and manual financial controls. Due to the complexity of these processes there is a risk that revenue errors may arise and go undetected or are not detected on a timely basis.	Together with our IT audit specialists we test the operating effectiveness of both automated and manual controls in the revenue cycle including cash reconciliations from the betting operating systems. General IT controls were tested for all key revenue and financial information systems involved in the revenue process, as well as the interface between these systems. We performed substantive analytical review procedures over the Group's Retail and Online gaming revenue streams, and substantively tested the amount and validity of a sample of bets placed within the Retail divisions. Our component auditors also performed both substantive analytical review procedures and substantive tests of detail for the Australian business. For Online sportsbook revenues we used a data analytics approach to fully recalculate all simple bets, which comprise over 88% of revenue recognised. For the remainder, we recalculated a sample of bets. Our work was concluded satisfactorily.

Risk	How the scope of our audit responded to the risk
Valuation of uncertain 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 tax specialists to evaluate the 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. We concluded our work satisfactorily.

In the current year, we have redesigned our revenue risk to focus on areas where a material misstatement is likely to occur and have removed the prior year reference to ante post bets which, whilst we continue to test such items, based on our cumulative audit experience, we have now concluded are unlikely to give rise to material misstatement. We have removed the risk relating to the useful life of Australian brand intangible assets as these have been fully amortised in the year, and the risk relating to the valuation of pension liabilities as this risk was not one of the risks that had the greatest effect on our audit strategy in the current year.

The description of risks above should be read in conjunction with the significant issues considered by the Audit and Risk Management Committee discussed on page 67.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these 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 £12 million (2014: £15 million), which is below 5% (2014: 5%) of profit before tax before exceptional items disclosed in note 3 to the Group financial statements, is 6% of profit before tax (2014: 6%) and below 1% (2014: 2%) of equity. Profit before tax before exceptional items has been used to exclude volatility of such exceptional items from our determination.

We agreed with the Audit and Risk Management Committee that we would report to the Committee all audit differences in excess of £0.2 million (2014: £0.3 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Management 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 three locations: UK; Gibraltar; and Australia.

These locations represent the principal business units and account for over 97% of the Group's revenue, over 96% of operating profit and over 97% of the Group's net assets (2014: over 99% for all measures). 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 three locations was executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from £6.0 million to £7.8 million (2014: £7.5 million to £9.75 million). The Group auditor also performed analytical procedures over the Group's operations in the US, which were not significant to the Group's results.

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 were performed by members of the Group audit team. In the current year the Senior Statutory Auditor visited Gibraltar and a senior member of the Group audit team visited Australia. 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.

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 certain 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). 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 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, United Kingdom
26 February 2016

CONSOLIDATED INCOME STATEMENT

for the 52 weeks ended 29 December 2015

	Notes	Before exceptional items £m	Exceptional items (note 3) £m	52 weeks ended 29 December 2015 Total £m	Before exceptional items £m	Exceptional items (note 3) £m	52 weeks ended 30 December 2014 Total £m
Continuing operations							
Amounts wagered	2	**8,892.0**	**–**	**8,892.0**	8,945.7	–	8,945.7
Revenue	1,2	**1,590.9**	**–**	**1,590.9**	1,609.3	–	1,609.3
Cost of sales	2	**(377.9)**	**–**	**(377.9)**	(294.5)	(9.7)	(304.2)
Gross profit	2	**1,213.0**	**–**	**1,213.0**	1,314.8	(9.7)	1,305.1
Other operating income	1	**8.9**	**–**	**8.9**	8.9	–	8.9
Other operating expenses	3	**(941.3)**	**(59.0)**	**(1,000.3)**	(961.5)	(71.7)	(1,033.2)
Share of results of associates	4	**2.7**	**–**	**2.7**	1.0	–	1.0
Profit before interest and tax	2,5	**283.3**	**(59.0)**	**224.3**	363.2	(81.4)	281.8
Investment income	1,7	**1.4**	**–**	**1.4**	1.0	–	1.0
Finance costs	8	**(41.0)**	**–**	**(41.0)**	(46.9)	(2.0)	(48.9)
Profit before tax	2	**243.7**	**(59.0)**	**184.7**	317.3	(83.4)	233.9
Tax	3,9	**(32.1)**	**37.3**	**5.2**	(63.1)	35.5	(27.6)
Profit for the period (attributable to equity holders of the parent)		**211.6**	**(21.7)**	**189.9**	254.2	(47.9)	206.3

Earnings per share (pence)	Notes	2015	2014
Basic	11	**21.6**	23.6
Diluted	11	**21.5**	23.4

Exceptional items before tax (note 3)	**£m**	£m
Accelerated brand amortisation	**(60.6)**	(44.5)
Portfolio shop closures	**1.8**	(19.4)
VAT repayment	**(0.2)**	(0.5)
Indirect taxation	**–**	(9.7)
tomwaterhouse.com acquisition and integration costs	**–**	(3.3)
Revaluation of tomwaterhouse.com contingent consideration	**–**	(2.2)
Australian management restructuring	**–**	(1.8)
Exceptional items before interest and tax	**(59.0)**	(81.4)
Costs in respect of refinancing	**–**	(2.0)
Exceptional items before tax	**(59.0)**	(83.4)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks ended 29 December 2015

	Notes	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Profit for the period		**189.9**	206.3
Items that will not be reclassified subsequently to profit or loss:			
Actuarial remeasurements in defined benefit pension scheme	30	**(14.9)**	36.4
Tax on remeasurements in defined benefit pension scheme	24	**1.7**	(7.3)
		(13.2)	29.1
Items that may be reclassified subsequently to profit or loss:			
Gain on cash flow hedges	23	**0.3**	–
Exchange differences on translation of foreign operations		**(21.8)**	(5.4)
		(21.5)	(5.4)
Other comprehensive (loss)/income for the period		**(34.7)**	23.7
Total comprehensive income for the period (attributable to equity holders of the parent)		**155.2**	230.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 52 weeks ended 29 December 2015

	Attributable to equity holders 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 31 December 2014	**87.7**	**683.2**	**6.8**	**(26.1)**	**(1.1)**	**(105.3)**	**515.1**	**1,160.3**
Profit for the financial period	–	–	–	–	–	–	189.9	189.9
Other comprehensive loss for the period	–	–	–	–	–	(21.5)	(13.2)	(34.7)
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**(21.5)**	**176.7**	**155.2**
Purchase and issue of own shares (note 26)	–	–	–	–	(3.7)	–	0.7	(3.0)
Transfer of own shares to recipients (note 26)	–	–	–	–	0.7	–	(0.7)	–
Other shares issued during the period	0.7	3.4	–	–	–	–	(0.5)	3.6
Credit recognised in respect of share remuneration (note 29)	–	–	–	–	–	–	7.2	7.2
Tax credit in respect of share remuneration (note 24)	–	–	–	–	–	–	0.9	0.9
Dividends paid (note 10)	–	–	–	–	–	–	(108.4)	(108.4)
At 29 December 2015	**88.4**	**686.6**	**6.8**	**(26.1)**	**(4.1)**	**(126.8)**	**591.0**	**1,215.8**

	Attributable to equity holders 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	0.1	–	–	–	(5.8)	–	4.9	(0.8)
Transfer of own shares to recipients	–	–	–	–	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	–	–	–	–	–	–	7.4	7.4
Tax credit in respect of share remuneration	–	–	–	–	–	–	1.7	1.7
Dividends paid	–	–	–	–	–	–	(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**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 29 December 2015

	Notes	29 December 2015 £m	30 December 2014 £m
Non-current assets			
Intangible assets	12	**1,732.3**	1,816.3
Property, plant and equipment	13	**210.6**	225.4
Investments and interests in associates	15	**33.7**	14.0
Deferred tax asset	24	**4.2**	12.9
Retirement benefit asset	30	**23.0**	27.5
Loans receivable		**–**	2.3
		2,003.8	2,098.4
Current assets			
Inventories	16	**0.1**	0.1
Trade and other receivables	17	**56.2**	55.3
Cash and cash equivalents	17	**282.1**	222.1
Investment property held for sale	18	**4.4**	4.7
Derivative financial instruments	23	**0.1**	–
		342.9	282.2
Total assets		**2,346.7**	2,380.6
Current liabilities			
Trade and other payables	19	**(325.8)**	(314.6)
Corporation tax liabilities		**(24.5)**	(44.0)
Borrowings	20	**(299.1)**	–
Derivative financial instruments	23	**(13.8)**	(11.2)
		(663.2)	(369.8)
Non-current liabilities			
Borrowings	20	**(369.5)**	(716.1)
Deferred tax liabilities	24	**(98.2)**	(134.4)
		(467.7)	(850.5)
Total liabilities		**(1,130.9)**	(1,220.3)
Net assets		**1,215.8**	1,160.3
Equity			
Called-up share capital	25	**88.4**	87.7
Share premium account		**686.6**	683.2
Capital redemption reserve		**6.8**	6.8
Merger reserve		**(26.1)**	(26.1)
Own shares held	26	**(4.1)**	(1.1)
Hedging and translation reserves		**(126.8)**	(105.3)
Retained earnings		**591.0**	515.1
Total equity		**1,215.8**	1,160.3

The financial statements of William Hill PLC, registered number 4212563, were approved by the Board of directors and authorised for issue on 26 February 2016 and are signed on its behalf by:

J Henderson
Director

P Bowcock
Director

CONSOLIDATED CASH FLOW STATEMENT

for the 52 weeks ended 29 December 2015

	Notes	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Net cash from operating activities	27	**300.9**	368.2
Investing activities			
Dividend from associate	15	**0.4**	1.0
Interest received	7	**1.4**	1.0
Proceeds on disposal of property, plant and equipment		**1.1**	2.2
Proceeds on disposal of investment properties		**–**	4.1
Loans receivable		**–**	2.3
Acquisitions and investments	15	**(17.4)**	(2.6)
Purchases of property, plant and equipment		**(22.5)**	(29.1)
Expenditure on computer software		**(45.0)**	(45.5)
Net cash used in investing activities		**(82.0)**	(66.6)
Financing activities			
Proceeds on issue of shares under share schemes		**3.6**	2.7
Purchase of own shares		**(3.0)**	(0.8)
Dividends paid	10	**(108.4)**	(104.0)
Repayments under borrowing facilities	20	**(50.0)**	(180.0)
Debt facility issue costs		**–**	(4.1)
Net cash used in financing activities		**(157.8)**	(286.2)
Net increase in cash and cash equivalents in the period		**61.1**	15.4
Changes in foreign exchange rates		**(1.1)**	–
Cash and cash equivalents at start of period		**222.1**	206.7
Cash and cash equivalents at end of period	17	**282.1**	222.1

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 2 to 50 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 anticipate that IFRS 16 'Leases', which will come into effect in 2019, will have a material impact upon the Group's reported performance. Since the impact is influenced by interest rates in future years, it is not yet possible to reasonably quantify its effects. We do not anticipate a material impact on the results or net assets of the Group from any other 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 146 to 152.

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 and VAT, 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

A full description of the Group's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report, including the Financial Review, and in notes 20 and 21 to the financial statements.

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 is confident of its ability to continue to access sources of funding in the medium term. 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 and expected future 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.

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 146 to 152, 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 scheme 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 30 provides information on the assumptions used in these financial statements.

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.

1. Revenue

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

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Rendering of services disclosed as revenue in the Consolidated Income Statement	**1,590.9**	1,609.3
Other operating income	**8.9**	8.9
Interest on bank deposits (note 7)	**1.4**	1.0
Total revenue as defined in IAS 18	**1,601.2**	1,619.2

Other operating income mostly represents rents receivable on properties let by the Group and bookmaking software licensing income.

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 segment 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, excluding associates. The Australia segment comprises online and telephone sports betting under the William Hill, Sportingbet, Centrebet 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 29 December 2015 is as follows:

	Retail £m	Online £m	Telephone £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Amounts wagered	2,875.1	4,250.2	226.9	510.8	1,007.3	21.7	–	8,892.0
Payout	(1,985.6)	(3,699.5)	(214.5)	(477.5)	(909.4)	(14.6)	–	(7,301.1)
Revenue	**889.5**	**550.7**	**12.4**	**33.3**	**97.9**	**7.1**	**–**	**1,590.9**
GPT, duty, levies and other costs of sales	(222.8)	(126.1)	(2.1)	(2.9)	(23.2)	(0.8)	–	(377.9)
Gross profit	666.7	424.6	10.3	30.4	74.7	6.3	–	1,213.0
Depreciation	(26.9)	(0.7)	–	(0.9)	–	(0.2)	(3.5)	(32.2)
Amortisation	(2.5)	(33.5)	(0.2)	–	(5.1)	–	–	(41.3)
Other administrative expenses	(465.9)	(263.9)	(11.3)	(20.3)	(56.2)	(6.1)	(27.1)	(850.8)
Share of results of associates	–	–	–	–	–	–	2.7	2.7
Operating profit/(loss)[1]	**171.4**	**126.5**	**(1.2)**	**9.2**	**13.4**	**–**	**(27.9)**	**291.4**
Amortisation of specific acquired intangibles	–	(1.3)	–	(2.3)	(4.5)	–	–	(8.1)
Exceptional operating items	1.6	–	–	–	(60.6)	–	–	(59.0)
Profit/(loss) before interest and tax[2]	**173.0**	**125.2**	**(1.2)**	**6.9**	**(51.7)**	**–**	**(27.9)**	**224.3**
Non-operating exceptional items							–	–
Investment income							1.4	1.4
Finance costs							(41.0)	(41.0)
Profit before tax								**184.7**

[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 29 December 2015	Retail £m	Online £m	Telephone £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Statement of financial position information								
Total segment assets	1,393.7	399.1	–	45.1	293.0	11.4	200.2	2,342.5
Total segment liabilities	(91.6)	(172.2)	–	(14.8)	(25.5)	(0.4)	(703.7)	(1,008.2)
Included within total assets:								
Goodwill	680.7	183.9	–	20.1	254.0	7.1	–	1,145.8
Other intangibles with indefinite lives	484.3	–	–	–	–	–	–	484.3
Interests in associates	–	–	–	–	–	–	33.6	33.6
Capital additions	16.4	37.6	–	0.8	8.7	–	2.8	66.3

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. The above analysis excludes corporation tax and deferred tax-related balances.

Capital additions in the above table are stated on an accruals basis.

Segment information for the 52 weeks ended 30 December 2014:

	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
Interests 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 liability as well as any assets and liabilities that cannot be allocated to a particular channel other than on an arbitrary basis. The above analysis excludes corporation tax and deferred tax-related balances.

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 29 December 2015 £m	52 weeks ended 30 December 2014 £m	**29 December 2015 £m**	30 December 2014 £m
United Kingdom	**1,344.7**	1,322.4	**1,444.5**	1,454.2
Rest of the World	**246.2**	286.9	**559.3**	644.2
	1,590.9	1,609.3	**2,003.8**	2,098.4

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 all other assets).

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 (charges)/credits before tax are as follows:

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Operating		
Accelerated brand amortisation[1]	**(60.6)**	(44.5)
Portfolio shop closures[2]	**1.8**	(19.4)
VAT repayment[3]	**(0.2)**	(0.5)
Indirect taxation	**–**	(9.7)
tomwaterhouse.com acquisition and integration costs	**–**	(3.3)
Revaluation of tomwaterhouse.com contingent consideration	**–**	(2.2)
Australian management restructuring	**–**	(1.8)
	(59.0)	(81.4)
Non-operating		
Costs in respect of refinancing	**–**	(2.0)
	–	(2.0)
Total exceptional items before tax	**(59.0)**	(83.4)

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 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Tax credit in respect of accelerated brand amortisation	**18.2**	13.4
Tax (charge)/credit in respect of portfolio shop closures	**(0.3)**	3.7
Tax credit in respect of VAT repayment	**–**	0.1
Tax credit in respect of indirect taxation	**–**	1.0
Tax credit in respect of tomwaterhouse.com acquisition and integration costs	**–**	1.0
Tax credit in respect of Australian management restructuring	**–**	0.5
Tax credit in respect of refinancing costs	**–**	0.4
Release of historical corporation tax provisions[4]	**19.4**	15.4
	37.3	35.5

1 In 2014, William Hill Australia began 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 in 2014 and in 2015, given its material scale.

2 As a result of HM Treasury's announcement in March 2014 of an increase in Machine Games Duty, the Group closed a portfolio of 108 shops during 2014 and provided for onerous leases and other expenses. The Group has exited a number of these leases in the period and the difference between provisions held and any final settlement is credited or charged to exceptional items, consistently with the original provisions.

3 Tax advisory fees have been charged in 2015 in respect of a VAT refund in prior years. These fees are presented as exceptional, consistently with the original refund and associated items.

4 During 2015, 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, due to its scale.

4. Share of results of associates

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Share of results after taxation in associated undertakings	**2.7**	1.0

The above represents the Group's share of the results of Satellite Information Services (Holdings) Limited and NeoGames S.a.r.l as well as a dividend received from 49's 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 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Net foreign exchange (gains)/losses	**(0.1)**	1.4
Gain on disposal of property, plant and equipment and investment properties	**(0.1)**	(1.4)
Staff costs (note 6)	**321.4**	349.3
Depreciation of property, plant and equipment (note 13)	**32.2**	33.5
Amortisation of intangible assets (note 12)	**110.0**	85.8

Fees payable to Deloitte LLP and their associates are shown below:

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Audit fees		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**0.3**	0.3
The audit of the Company's subsidiaries, pursuant to legislation	**0.2**	0.2
	0.5	0.5
Non-audit fees		
Other assurance services	**0.1**	–
Tax advisory services	**0.3**	0.2
	0.4	0.2
Total fees payable to Deloitte LLP	**0.9**	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 15,747 (52 weeks ended 30 December 2014: 16,078), 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 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Wages and salaries	277.4	304.8
Social security costs	22.9	23.0
Share-based remuneration (inclusive of provisions for social security)	7.9	8.5
Other pension net costs (note 30)	13.2	13.0
	321.4	349.3
Remeasurement loss/(gain) in defined benefit scheme (note 30)	14.9	(36.4)
Total staff costs	336.3	312.9

The £14.9m relating to remeasurement losses (52 weeks ended 30 December 2014: £36.4m gain) 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 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Interest on bank deposits	1.4	1.0

8. Finance costs

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Interest payable and similar charges:		
Bank loans, bonds and overdrafts	39.7	43.7
Amortisation of finance costs	2.5	2.6
Interest payable	42.2	46.3
Interest on net pension scheme assets or liabilities (note 30)	(1.2)	0.6
	41.0	46.9

The above does not include exceptional finance costs as described in note 3.

9. Tax on profit on ordinary activities

The tax (credit)/charge comprises:

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Current tax:		
UK corporation tax	26.7	39.8
Overseas tax	14.5	16.9
Adjustment in respect of prior periods	(21.4)	(15.6)
Total current tax charge	19.8	41.1
Deferred tax:		
Origination and reversal of temporary differences	(15.3)	(12.8)
Impact from changes in statutory tax rates	(12.2)	–
Adjustment in respect of prior periods	2.5	(0.7)
Total deferred tax credit	(25.0)	(13.5)
Total tax on profit on ordinary activities	(5.2)	27.6

The effective tax rate in respect of ordinary activities before exceptional items was 13.2% (52 weeks ended 30 December 2014: 19.9%). The effective tax rate in respect of ordinary activities after exceptional items was minus 2.8% (52 weeks ended 30 December 2014: 11.8%). The current period's credit was lower than the UK statutory rate of 20.25% mainly due to lower effective tax rates on overseas profits, adjustments in respect of prior periods and the deferred tax credit arising on the enacted fall in the rate of UK corporation tax. 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 29 December 2015		52 weeks ended 30 December 2014	
	£m	%	£m	%
Profit before tax	184.7		233.9	
Tax on Group profit at standard UK corporation tax rate of 20.25% (2014: 21.5%)	37.4	20.3	50.3	21.5
Impact of changes in statutory tax rates	(12.2)	(6.6)	–	–
Different tax rates in overseas territories	(15.8)	(8.6)	(10.2)	(4.3)
Tax on share of results of associates	(0.5)	(0.3)	(0.2)	(0.1)
Adjustment in respect of prior periods	(18.9)	(10.2)	(16.3)	(7.0)
Permanent differences – non-deductible expenditure	4.8	2.6	4.0	1.7
Total tax charge/(credit)	(5.2)	(2.8)	27.6	11.8

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 29 December 2015 Per share	52 weeks ended 30 December 2014 Per share	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Equity shares:				
– current period interim dividend paid	4.1p	4.0p	36.2	35.1
– prior period final dividend paid	8.2p	7.9p	72.2	68.9
	12.3p	11.9p	108.4	104.0
Proposed final dividend	8.4p	8.2p	74.4	72.3

The proposed final dividend of 8.4p will, subject to shareholder approval, be paid on 3 June 2016 to all shareholders on the register on 29 April 2016. 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 886 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 29 December 2015			52 weeks ended 30 December 2014		
	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)	**189.9**	**–**	**189.9**	206.3	–	206.3
Exceptional items (note 3) (£m)	**59.0**	**–**	**59.0**	83.4	–	83.4
Exceptional items – tax credit (note 3) (£m)	**(37.3)**	**–**	**(37.3)**	(35.5)	–	(35.5)
Amortisation of intangibles (net of tax) (£m)	**5.9**	**–**	**5.9**	6.6	–	6.6
Adjusted profit after tax for the financial period (£m)	**217.5**	**–**	**217.5**	260.8	–	260.8
Weighted average number of shares (million)	**880.9**	**4.3**	**885.2**	873.2	8.2	881.4
Earnings per share (pence)	**21.6**	**(0.1)**	**21.5**	23.6	(0.2)	23.4
Amortisation adjustment (pence)	**0.7**	**–**	**0.7**	0.8	–	0.8
Exceptional adjustment (pence)	**2.4**	**–**	**2.4**	5.5	(0.1)	5.4
Earnings per share – adjusted (pence)	**24.7**	**(0.1)**	**24.6**	29.9	(0.3)	29.6

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 0.9 million in the 52 weeks ended 29 December 2015 (52 weeks ended 30 December 2014: 0.3 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 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
Additions	–	–	–	–	47.9	47.9
Effect of foreign exchange rates	(19.6)	–	(8.6)	(0.3)	(1.5)	(30.0)
At 29 December 2015	**1,187.4**	**484.3**	**153.6**	**8.3**	**241.2**	**2,074.8**
Accumulated amortisation:						
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
Charge for the period	–	–	68.3	2.3	39.4	110.0
Effect of foreign exchange rates	–	–	(7.0)	(0.2)	(0.9)	(8.1)
At 29 December 2015	**41.6**	**–**	**140.4**	**7.1**	**153.4**	**342.5**
Net book value:						
At 29 December 2015	**1,145.8**	**484.3**	**13.2**	**1.2**	**87.8**	**1,732.3**
At 30 December 2014	1,165.4	484.3	83.1	3.6	79.9	1,816.3

12. Intangible assets

The amortisation period for the Group's computer software is between three and five years.

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.

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 other assets 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 and these are being amortised over lives ranging up to 12 years.

(iii) tomwaterhouse.com assets
The Group acquired tomwaterhouse.com in August 2013. An identifiable brand of £3.6m was recognised and was being amortised over three years. Following the decision to rebrand the operations of William Hill Australia, the UEL was revised. The asset has now been fully amortised as at 29 December 2015.

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 29 December 2015. 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 expenses 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. 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	10.2	2.6
Online	9.1	2.6
Stadia	10.2	2.6
US	12.9	3.0
Australia	10.5	2.4

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 £20.1m.

The Australia CGU is defined as the Australia segment as described in note 2. This CGU includes goodwill of £254.0m at the balance sheet date.

Sensitivity of impairment reviews

For CGUs reviewed at 29 December 2015, no impairment would occur under any reasonably possible changes in assumptions upon which the recoverable amount was estimated, other than a 20% decrease in future cash flows would lead to a £0.6m impairment for the Stadia CGU. A decrease in operating cash flows of 15.5% would lead to the recoverable amount of the Stadia CGU equalling the carrying amount.

13. Property, plant and equipment

	Land and buildings £m	Fixtures, fittings and equipment £m	Total £m
Cost:			
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
Additions	11.8	6.6	18.4
Disposals	(8.2)	–	(8.2)
Effect of foreign exchange rates	–	(0.3)	(0.3)
At 29 December 2015	**390.1**	**126.8**	**516.9**
Accumulated depreciation:			
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
Charge for the period	24.3	7.9	32.2
Disposals	(7.1)	(0.1)	(7.2)
Effect of foreign exchange rates	–	(0.3)	(0.3)
At 29 December 2015	**208.9**	**97.4**	**306.3**
Net book value:			
At 29 December 2015	**181.2**	**29.4**	**210.6**
At 30 December 2014	194.8	30.6	225.4

The net book value of land and buildings comprises:

	29 December 2015 £m	30 December 2014 £m
Freehold	**36.0**	40.0
Long leasehold improvements	**9.2**	9.8
Short leasehold improvements	**136.0**	145.0
	181.2	194.8

Of the total net book value of land and buildings, £4.1m (30 December 2014: £4.8m) 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 £5.0m, representing freehold land (30 December 2014: £5.4m).

There are no assets within property, plant and equipment held under finance leases at 29 December 2015 or 30 December 2014.

At 29 December 2015, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £7.8m (30 December 2014: £3.0m).

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
B.J.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 Pty Limited	Australia	100%	Online and telephone betting
Tom Waterhouse NT 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) Limited EOOD	Bulgaria	100%	Customer services
Cellpoint Investments Limited	Cyprus	100%	Holding company
Ad-gency Limited	Israel	100%	Marketing services

The other subsidiaries and associates of the Company, all held through intermediate companies, their country of incorporation and the ownership of their share capital are listed below. The percentage holding represents the proportion of all classes of issued share capital owned by the Company. All these companies are either dormant, non-trading, associates or not considered to be a principal subsidiary within the Group:

Name of subsidiary	Country of incorporation	% holding
A.J.Schofield Limited	Great Britain	100%
Arena Racing Limited	Great Britain	100%
Arthur Roye (Turf Accountants) Limited	Great Britain	100%
Arthur Wilson Limited	Great Britain	100%
AWI Gaming, Inc.	USA	100%
AWI Manufacturing, Inc.	USA	100%
B.B.O'Connor (Lottery) Limited	Jersey	100%
B.J.O'Connor Holdings Limited	Jersey	100%
Baseflame Limited	Great Britain	100%
Bet 888 Pty Limited	Australia	100%
Betwilliamhill.com Limited	Antigua and Barbuda	100%
Bill Taylor of Huyton Limited	Great Britain	100%
Bookhost Limited	Great Britain	100%
Bradlow Limited	Great Britain	100%
Brooke Bookmakers Limited	Great Britain	100%

Name of subsidiary	Country of incorporation	% holding
BW Sub Co.	USA	100%
Camec (Provincial) Limited	Great Britain	100%
Camec (Scotland) Limited	Great Britain	100%
Camec (Southern) Limited	Great Britain	100%
Camec (Western) Limited	Great Britain	100%
Camec Limited	Great Britain	100%
Centrebet Pty Limited	Australia	100%
Century Enterprises Limited	Great Britain	100%
City Tote Limited	Great Britain	100%
Cleveley House Limited	Guernsey	100%
Concession Bookmakers Limited	Great Britain	100%
Daniel McLaren Limited	Great Britain	100%
Dawcar Limited	Great Britain	100%
Demmy Investments Limited	Great Britain	100%
Deviceguide Limited	Great Britain	100%
Dilea Secretarial Limited	Cyprus	100%

14. Subsidiaries

Name of subsidiary	Country of incorporation	% holding
Douglas Tyler Limited	Great Britain	100%
Eclipse Bookmakers Limited	Great Britain	100%
Evenmedia Limited	Great Britain	100%
Eventip Limited	Great Britain	100%
Fred Parkinson Management Limited	Great Britain	100%
G Promotions Pty Limited	Australia	100%
Gearnet Limited	Great Britain	100%
Goodfigure Limited	Great Britain	100%
Groatbray Limited	Great Britain	100%
Gus Carter (Cash) Limited	Great Britain	100%
Gus Carter Limited	Great Britain	100%
Ivy Lodge Limited	Guernsey	100%
Ixora Company Limited	Antigua and Barbuda	100%
James Lane (Bookmaker) Limited	Great Britain	100%
James Lane Group Limited	Great Britain	100%
James Lane (Turf Accountants) Limited	Great Britain	100%
John Parry (Turf Accountants) Limited	Great Britain	100%
L.A. Attreed Limited	Great Britain	100%
Laystall Limited	Great Britain	100%
Les Rosiers Limited	Guernsey	100%
Matsbest Limited	Great Britain	100%
Matsdom Limited	Great Britain	100%
Matsgood Limited	Great Britain	100%
Nalim Limited	Great Britain	100%
Ogier Employee Benefit Trustee Limited (As Trustee of the William Hill Holdings 2001 Employee Benefit Trust)	Jersey	100%
Pandashield Limited	Great Britain	100%
Pat Whelan (Turf Accountant) Limited	Great Britain	100%
Phonethread Limited	Great Britain	100%
Premier Bookmakers Limited	Great Britain	100%
Regency Bookmakers (Midlands) Limited	Great Britain	100%
Regionmodel Limited	Great Britain	100%
SB Services (NZ) Limited	New Zealand	100%
SBA Services Pty Ltd.	Australia	100%
Selwyn Demmy (Racing) Limited	Great Britain	100%
Sherman Racing (Western) Limited	Great Britain	100%
Sportingbet Australia Finance LLP	Great Britain	100%
Sportingbet Australia Holdings Pty Limited	Australia	100%
Sportingbet Group Australia Pty Limited	Australia	100%
Sportingbet Intragroup Financing (Guernsey) Limited	Guernsey	100%
Sportsodds Systems Pty Limited	Australia	100%
Spread your Wings Spain PLC	Malta	100%
St James Place Limited	Guernsey	100%
T H Jennings (Harlow Pools) Limited	Great Britain	100%
The Jungle Limited	Guernsey	100%
The Sporting Club and Investment Company of Ireland Limited	Ireland	100%
The William Hill Foundation	Great Britain	100%

Name of subsidiary	Country of incorporation	% holding
Trackcycle Limited	Great Britain	100%
Transdawn Limited	Great Britain	100%
Vickers Bookmakers Limited	Great Britain	100%
Vynplex Limited	Great Britain	100%
WHG Customer Services Philippines, Inc.	Philippines	100%
WHG IP Licensing Limited	Gibraltar	100%
WHG Italia S.R.L	Italy	100%
WHG Online Marketing Spain S.A.	Spain	100%
WHG Services (Philippines) Ltd	Gibraltar	100%
WHG Services Estonia OU	Estonia	100%
WHG Services Limited	Great Britain	100%
WHG-IP Partnership	Gibraltar	100%
William Hill (Alba) Limited	Great Britain	100%
William Hill (Alderney) Limited	Great Britain	100%
William Hill (Bookmakers) Limited	Great Britain	100%
William Hill (Caledonian) Limited	Great Britain	100%
William Hill (Course) Limited	Great Britain	100%
William Hill (Edgeware Road) Limited	Great Britain	100%
William Hill (Effects) Limited	Great Britain	100%
William Hill (Essex) Limited	Great Britain	100%
William Hill (Football) Limited	Great Britain	100%
William Hill (Goods) Limited	Great Britain	100%
William Hill (Grampian) Limited	Great Britain	100%
William Hill (IOM) No.3 Limited	Isle of Man	100%
William Hill (London) Limited	Great Britain	100%
William Hill (Midlands) Limited	Great Britain	100%
William Hill (North Eastern) Limited	Great Britain	100%
William Hill (North Western) Limited	Great Britain	100%
William Hill (Northern) Limited	Great Britain	100%
William Hill (Products) Limited	Great Britain	100%
William Hill (Resources) Limited	Great Britain	100%
William Hill (Scotland) Limited	Great Britain	100%
William Hill (Southern) Limited	Great Britain	100%
William Hill (Stock) Limited	Great Britain	100%
William Hill (Strathclyde) Limited	Great Britain	100%
William Hill (Supplies) Limited	Great Britain	100%
William Hill (Wares) Limited	Great Britain	100%
William Hill (Western) Limited	Great Britain	100%
William Hill Australia Holdings Pty Limited	Australia	100%
William Hill Australia Pty Limited	Australia	100%
William Hill Bookmakers (Ireland) Limited	Ireland	100%
William Hill Call Centre Limited	Ireland	100%
William Hill Credit Limited	Great Britain	100%
William Hill Employee Shares Trustee Limited	Great Britain	100%
William Hill Finance Limited	Great Britain	100%
William Hill Index (London) Limited	Great Britain	100%
William Hill International Limited	Antigua and Barbuda	100%
William Hill Internet Ventures Limited	Antigua and Barbuda	100%
William Hill Italia S.R.L	Italy	100%

14. Subsidiaries

Name of subsidiary	Country of incorporation	% holding
William Hill Leisure Limited	Great Britain	100%
William Hill Offshore Limited	Ireland	100%
William Hill Steeplechase Limited	Gibraltar	100%
William Hill Trustee Limited	Great Britain	100%
William Hill US Holdco, Inc.	USA	100%
William Hill Victoria LP	Australia	100%
Willstan Properties Limited	Great Britain	100%
Willstan Racing (Ireland) Limited	Ireland	100%
Willstan Racing Holdings Limited	Great Britain	100%

Name of subsidiary	Country of incorporation	% holding
Willstan Racing Limited	Great Britain	100%
Windsors (Sporting Investments) Limited	Great Britain	100%
Winning Post Racing Limited	Great Britain	100%
Satellite Information Services (Holdings) Limited	Great Britain	19.5%
NeoGames S.a.r.l	Luxembourg	29.4%
49s Limited	Great Britain	33%
Lucky Choice Limited	Great Britain	33%

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

15. Investments and Interests in associates

The Group holds interests in four associated undertakings at an aggregate value of £33.6m (30 December 2014: £14.0m). In addition, the Group holds investments in unquoted shares of £0.1m (30 December 2014: £nil).

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

	£m
At 31 December 2014	14.0
Acquisition of associate	17.3
Share of results before interest and taxation	3.3
Share of interest	–
Share of taxation	(1.0)
Dividend received	–
At 29 December 2015	**33.6**

a) At 29 December 2015, William Hill Organization Limited, a principal subsidiary of the Company, held an investment of 19.5% (30 December 2014: 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 results recognised are based on statutory accounts to March 2015 and management accounts thereafter.

The following financial information relates to SIS as at and for the 52 weeks ended 29 December 2015:

	29 December 2015 £m	30 December 2014 £m
Total assets	**155.2**	141.2
Total liabilities	**(64.4)**	(69.0)
Total revenue	**230.0**	250.2
Total result after tax	**20.9**	5.2

b) On 7 August 2015, William Hill Organization Limited acquired 29.4% of the ordinary share capital of NeoGames S.a.r.l (NeoGames), a company incorporated in Luxembourg, for a total cash consideration of US$25.0m. The Group is able to exert influence over NeoGames by way of its equity holding and its two nominated representatives on the Board of directors, who collectively can cast 29.4% of any Board votes. As part of the acquisition, William Hill Organization Limited has an option to acquire the remaining share capital in either 2019 or 2021. The option is exercisable at the full discretion of William Hill and the price payable will be determined at the time of exercise on the basis of NeoGames's financial performance. Should the option not be exercised, other shareholders in NeoGames have the option to repurchase our stake under the same valuation mechanism. No initial value was recognised in respect of these options at acquisition and the fair value of these options was £nil at 29 December 2015.

NeoGames is a leading iLottery software and service provider to lotteries worldwide, including in Europe and the USA. The results recognised are based on management accounts from acquisition date to 29 December 2015.

15. Investments and Interests in associates

The following financial information relates to NeoGames as at and for the 52 weeks ended 29 December 2015:

	29 December 2015 £m
Total assets	**13.9**
Total liabilities	**(16.5)**
Total revenue	**2.4**
Total result after tax	**(10.8)**

c) 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. A dividend of £0.4m was received from 49's Limited which was recognised within share of results of associates (note 4).

16. Inventories

	29 December 2015 £m	30 December 2014 £m
Raw materials, consumables and bar stocks	**0.1**	0.1

17. Other current assets

Trade and other receivables

Trade and other receivables comprise:

	29 December 2015 £m	30 December 2014 £m
Trade receivables	**5.3**	9.4
Other receivables	**9.8**	7.7
Prepayments	**41.1**	38.2
	56.2	55.3

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 £4.3m as at 29 December 2015 (30 December 2014: £5.2m).

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 £282.1m in cash and cash equivalents (30 December 2014: £222.1m). The carrying amount of these assets approximates their fair value. These amounts include £66.7m of client funds in the Online business that are matched by liabilities of an equal value (30 December 2014: £70.4m), £8.7m of restricted funds in the US business (30 December 2014: £6.4m) that cannot be withdrawn without approval from the local regulator and which match or exceed betting and customer liabilities (including £3.5m of client funds (30 December 2014: £2.5m)) and £14.4m of client funds in the Australian business that are matched by equal liabilities (30 December 2014: £16.8m). In addition, restricted deposits of £2.1m (30 December 2014: £3.1m) are held in respect of Spanish and Italian regulatory requirements.

18. Investment property

The Group owns five residential investment properties in Guernsey, all of which are classified as held for sale at 29 December 2015. These assets are presented within current assets. The properties were also classified as held for sale at 30 December 2014.

The properties are held at a fair value of £4.4m (30 December 2014: £4.7m), based upon estimates of current market prices advised by independent estate agents at 29 December 2015. Fair value movements during the period of £0.3m have been charged to profit (52 weeks ended 30 December 2014: £0.5m).

During the period, rental income on these properties amounted to £0.1m (52 weeks ending 30 December 2014: £0.1m). 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:

	29 December 2015 £m	30 December 2014 £m
Trade payables	107.8	109.9
Other payables	7.1	7.7
Taxation and social security	94.7	60.6
Accruals and provisions	116.2	136.4
	325.8	314.6

The average credit period taken for trade purchases is nine days (period ended 30 December 2014: ten days).

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

Included in trade payables is an amount of £84.6m (30 December 2014: £89.7m) in respect of amounts due to clients, representing deposits received and customer winnings. This is offset by an equivalent or greater amount of cash held, which is included in cash and cash equivalents.

Included in accruals and provisions are provisions of £8.3m (30 December 2014: £14.7m) in respect of vacant property, being LBOs that have ceased to trade.

20. Borrowings

	29 December 2015 £m	30 December 2014 £m
Borrowings at amortised cost		
Bank loans	–	50.0
Less: expenses relating to bank loans	(3.0)	(3.8)
£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	(0.3)	(0.7)
Less: expenses relating to £300m 7.125% Guaranteed Notes due 2016	(0.6)	(1.3)
£375m 4.25% Guaranteed Notes due 2020	375.0	375.0
Less: expenses relating to £375m 4.25% Guaranteed Notes due 2020	(2.5)	(3.1)
Total Borrowings	668.6	716.1
Less: amount shown as due for settlement in 12 months	(299.1)	–
Amount shown as due for settlement after 12 months	369.5	716.1
The gross borrowings are repayable as follows:		
Amounts due for settlement within one year	300.0	–
In the second year	–	300.0
In the third to fifth years inclusive	375.0	50.0
After more than five years	–	375.0
	675.0	725.0

Bank facilities
As at 29 December 2015, 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, £nil of this facility was drawn down (30 December 2014: £50m).
2. An overdraft facility of £5m, of which £nil was drawn down at the period end (30 December 2014: £nil).

£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 in the Consolidated Statement of Financial Position and are being amortised on a straight-line basis over the life of the Facility.

20. Borrowings

Overdraft facility
At 29 December 2015, the Group had an overdraft facility with National Westminster Bank plc of £5m (30 December 2014: £5m). The balance on this facility at 29 December 2015 was £nil (30 December 2014: £nil).

Corporate bonds
(i) £300m 7.125% Guaranteed Notes due 2016
As part of its strategy to diversify its funding 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 29 December 2015 %	52 weeks ended 30 December 2014 %
2020 bond	**4.3%**	4.3%
2016 bond	**7.1%**	7.2%
Bank loans	**3.9%**	4.7%

The weighted average interest rate paid for the bank loans has only been calculated over the portion of the year where a bank facility was utilised.

Fair value of loans and facilities
The Company's £300m 7.125% Guaranteed Notes due 2016 are listed on the London Stock Exchange and at the period end date their fair value was £314.6m.

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 £382.2m.

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 CFO. The Board provides written principles for risk management, as described in the Strategic Report on page 46. 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.

21. Financial risk management

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. Where applicable, 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
29 December 2015					
2020 bond including interest	**15.9**	**15.9**	**413.7**	**–**	**445.5**
2016 bond including interest	**318.4**	**–**	**–**	**–**	**318.4**
Bank loans including interest[1]	**2.7**	**2.7**	**3.8**	**–**	**9.2**
Other financial liabilities	**247.9**	**–**	**–**	**–**	**247.9**
Total	**584.9**	**18.6**	**417.5**	**–**	**1,021.0**
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

[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 in the form of dividends and share buy backs, 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.

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:

	29 December 2015 £m	30 December 2014 £m
Nominal value of bank loans	**–**	50.0
Nominal value of corporate bonds	**675.0**	675.0
Counter indemnity obligations under bank guarantees	**3.4**	3.2
Cash (excluding customer balances and other restricted cash)	**(190.2)**	(125.4)
Net debt for covenant purposes	**488.2**	602.8
EBITDA for covenant purposes	**372.1**	445.4
Net debt to EBITDA ratio	**1.3**	1.4

* For the purposes of bank loan covenants, EBITDA is calculated as pre-exceptional profit before depreciation, amortisation, interest, tax and share-based payments.

21. Financial risk management

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 29 December 2015, 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 29 December 2015, all of the Group's borrowings were at fixed 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	2.9	(1.4)
Increase/(decrease) in equity reserves	2.9	(1.4)

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 and Philippine Peso costs of its operations 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, its businesses in Europe operating in Euros 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.

Revenue by currency

Revenue by currency is analysed below.

	52 weeks ended 29 December 2015 %	52 weeks ended 30 December 2014 %
Sterling	**84.5**	82.5
Australian dollar	**6.2**	7.6
Euro	**5.2**	5.6
Other currencies	**4.1**	4.3
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 £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:

	29 December 2015 £m	30 December 2014 £m
Fair Value through the Income Statement		
Held for trading (forward currency contracts)	0.1	–
Loans and receivables		
Cash and cash equivalents	282.1	222.1
Receivables	15.1	19.4
Total financial assets	297.3	241.5
Non-financial assets	2,049.4	2,139.1
Total assets	2,346.7	2,380.6
Fair Value through the Income Statement		
Held for trading (ante post bets and forward currency contracts)	(13.8)	(11.2)
Liabilities at amortised cost		
Borrowings	(668.6)	(716.1)
Trade and other payables	(234.1)	(222.2)
Total financial liabilities	(916.5)	(949.5)
Non-financial liabilities	(214.4)	(270.8)
Total liabilities	(1,130.9)	(1,220.3)
Net assets	1,215.8	1,160.3

The directors believe that, owing to the nature of the Group's non-derivative financial instruments, the carrying value equates to the fair value, apart from borrowings where the fair value is disclosed in note 20.

Fair value hierarchy

The hierarchy (as defined in IFRS 13) of the Group's financial instruments carried at fair value was as follows:

	29 December 2015				30 December 2014			
	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	–	0.1	–	0.1	–	(0.2)	–	(0.2)
Ante post bet liabilities	–	–	(13.8)	(13.8)	–	–	(11.0)	(11.0)
Total	–	0.1	(13.8)	(13.7)	–	(0.2)	(11.0)	(11.2)

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 29 December 2015, the Group had forward contracts outstanding for a total of 26.9 million Israeli Shekels at an average GBP:ILS exchange rate of 5.9 with final expiry on 12 April 2016 and forward contracts for a total of 98.5 million Philippine Pesos at an average GBP:PHP exchange rate of 68.6 with final expiry on 12 April 2016, which combined are valued as an asset of £0.1m.

A reconciliation of movements on level 3 instruments is provided in the table below.

	Ante post bet liabilities £m
At 31 December 2014	(11.0)
Total gains or losses:	
in profit or loss	0.1
in other comprehensive income	–
Net settlements	(2.9)
Transfers out of level 3	–
At 29 December 2015	(13.8)

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 £13.8m (30 December 2014: £11.0m) 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. The fair value of forward foreign currency contracts at period end was an asset of £0.1m (30 December 2014: liability of £0.2m).

24. Deferred tax

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

	At 31 December 2014 £m	Amount credited to reserves £m	Amount credited/ (charged) to income £m	Amount credited/ (charged) to Statement of Comprehensive Income £m	**At 29 December 2015 £m**
Fixed asset timing differences	(7.7)	–	3.7	–	**(4.0)**
Held over gains	(4.0)	–	1.2	–	**(2.8)**
Retirement benefit obligations	(5.5)	–	(0.3)	1.7	**(4.1)**
Licences and other intangibles	(117.2)	–	30.0	(0.1)	**(87.3)**
Other timing differences	4.6	–	(3.8)	–	**0.8**
Share remuneration	6.2	0.9	(3.7)	–	**3.4**
Tax losses	2.1	–	(2.1)	–	**–**
	(121.5)	0.9	25.0	1.6	**(94.0)**

The enacted future rate of UK corporation tax of 18% (52 weeks ended 30 December 2014: 20%), the Gibraltar statutory income tax rate of 10% (52 weeks ended 30 December 2014: 10%) and the Australian corporation tax rate of 30% (52 weeks ended 30 December 2014: 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:

	29 December 2015 £m	30 December 2014 £m
Deferred tax liabilities	**(98.2)**	(134.4)
Deferred tax assets	**4.2**	12.9
	(94.0)	(121.5)

25. Called-up share capital

	29 December 2015		30 December 2014	
	Number of shares	**£m**	Number of shares	£m
Called-up, allotted and fully paid – ordinary shares of 10p each:				
At start of period	**876,907,386**	**87.7**	867,234,226	86.7
Shares issued	**7,402,421**	**0.7**	9,673,160	1.0
At end of period	**884,309,807**	**88.4**	876,907,386	87.7

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

26. Own shares

	£m
At 31 December 2014	(1.1)
Purchase and issue of own shares	(3.7)
Transfer of own shares to recipients	0.7
At 29 December 2015	**(4.1)**

Own shares held comprise:

	29 December 2015			30 December 2014		
	Number of shares	Nominal value £m	Cost £m	Number of shares	Nominal value £m	Cost £m
William Hill Holdings Employee Benefit Trust (EBT)	1,089,463	0.1	4.1	316,606	–	1.1

The shares held in the William Hill Holdings EBT were purchased at a weighted average price of £3.79 (30 December 2014: £3.49).

27. Notes to the cash flow statement

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 (restated) £m
Profit before interest and tax	224.3	281.8
Adjustments for:		
Share of results of associates	(2.7)	(1.0)
Depreciation of property, plant and equipment	32.2	33.5
Amortisation of intangibles	110.0	85.8
Gain on disposal of property, plant and equipment	(0.1)	(1.4)
(Gains)/losses on early settlement of vacant property leases	(1.8)	0.2
Cost charged in respect of share remuneration	7.2	7.4
Defined benefit pension cost less cash contributions	(9.2)	(9.1)
Fair value movements on investment property	0.3	0.5
Movement on financial derivatives	2.8	1.5
Operating cash flows before movements in working capital:	363.0	399.2
Change in inventories	–	0.1
Decrease in receivables	0.6	0.9
Increase in payables	16.7	46.1
Cash generated by operations	380.3	446.3
Income taxes paid	(39.4)	(34.5)
Interest paid	(40.0)	(43.6)
Net cash from operating activities	**300.9**	368.2

In previous reporting periods, the Company used profit before interest, tax and exceptional items as the starting position for reporting net cash from operating activities. This presentation has now been revised and the reconciliation begins with profits inclusive of exceptional items. This is a purely presentational change and has no impact upon the measurement or reporting of net cash from operating activities. The comparative figures for the period ended 30 December 2014 have been restated accordingly.

28. Operating lease arrangements

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Minimum lease payments under operating leases recognised as an expense in the period:		
plant and machinery	**0.8**	1.3
other (including land and buildings)	**62.2**	61.5
	63.0	62.8

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:

	29 December 2015 £m	30 December 2014 £m
Within one year	**53.4**	54.4
In the second to fifth years inclusive	**174.4**	194.4
After five years	**190.0**	209.8
	417.8	458.6

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.

29. 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 2013 to 2015; and
- Save As You Earn (SAYE) share option schemes encompassing grants made in the years from 2010 to 2015.

Details of these schemes are provided on pages 77 to 92 in the Directors' Remuneration Report and below.

Costs of schemes

The costs of the schemes during the period, excluding provisions for social security, were:

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
PSP, William Hill Online LTIP, EBMS and RA	**5.8**	6.3
SAYE schemes	**1.4**	1.1
	7.2	7.4

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 must be exercised within one month from their vesting date, which is three years after their grant date. 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 operating 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, EBMS, RA and William Hill Online LTIP 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 £3.78 (52 weeks ended 30 December 2014: £3.60). The awards outstanding at 29 December 2015 had a remaining weighted average contractual life of 4.5 years (30 December 2014: 4.4 years).

29. Share-based payments

Options under these schemes are as follows:

	29 December 2015 Number	30 December 2014 Number
Outstanding at beginning of the period	**11,460,160**	16,635,385
Granted during the period	**4,683,068**	3,746,408
Forfeited during the period	**(2,022,416)**	(531,224)
Exercised during the period	**(5,085,278)**	(8,390,409)
Outstanding at the end of the period	**9,035,534**	11,460,160
Exercisable at the end of the period	**–**	33,522

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 2010, 2011, 2012, 2013, 2014 and 2015 SAYE schemes were £1.48, £1.40, £1.65, £3.12, £2.73 and £3.03 respectively.

The weighted average share price at the date of exercise for share options exercised during the period was £3.87 (52 weeks ended 30 December 2014: £3.45). The options outstanding at 29 December 2015 had a remaining weighted average contractual life of 2.4 years (30 December 2014: 2.3 years).

Options under these schemes are as follows:

	29 December 2015		30 December 2014	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at beginning of the period	**8,681,272**	**2.38**	7,432,090	1.97
Granted during the period	**3,089,078**	**3.03**	4,566,764	2.73
Forfeited during the period	**(1,436,713)**	**2.69**	(1,391,976)	2.61
Exercised during the period	**(2,374,597)**	**1.65**	(1,925,606)	1.38
Outstanding at the end of the period	**7,959,040**	**2.79**	8,681,272	2.38
Exercisable at the end of the period	**175,667**	**1.64**	71,045	1.35

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	
	29 December 2015	30 December 2014	29 December 2015	30 December 2014
Weighted average share price at date of grant	**£3.67**	£3.50	**£3.77**	£3.40
Weighted average exercise price	**£3.03**	£2.73	**£nil**	£nil
Expected volatility	**25%**	26%	**25%**	26%
Expected life	**2-5 years**	2-5 years	**2-4 years**	2-4 years
Risk free interest rate	**0.9%**	1.4%	**0.9%**	1.4%
Expected dividend yield	**3.5%**	3.0%	**3.5%**	3.0%

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, 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 29 December 2015 (52 weeks ended 30 December 2014: 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 £3.64 per option (30 December 2014: £3.04). The weighted average fair value of the options granted under SAYE grants at the date of grant was £0.76 per option (52 weeks ended 30 December 2014: £0.87).

30. 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 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Defined contribution schemes (charged to profit before interest and tax)	11.1	11.1
Defined benefit scheme (charged to profit before interest and tax)	2.1	1.9
Defined benefit scheme (credited)/charged to finance costs)	(1.2)	0.6
Defined benefit scheme (charged/(credited) to other comprehensive income)	14.9	(36.4)
	26.9	(22.8)

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 29 December 2015, contributions of £0.1m (30 December 2014: £1.3m) 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 £9.4m to the scheme during 2016 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 29 December 2015 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:

	29 December 2015	30 December 2014
Rate of increase of salaries	3.10%	3.10%
Rate of increase of pensions in payment	3.10%	3.00%
Discount rate	3.80%	3.80%
Rate of RPI inflation	3.10%	3.10%
Rate of CPI inflation	2.10%	2.20%

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	29 December 2015	30 December 2014
Member currently aged 65	22 years	22 years
Member currently aged 40	25 years	25 years

30. Retirement benefit schemes

The assets in the scheme are set out in the table below. Assets with quoted prices in an active market are identified separately.

	29 December 2015 £m	30 December 2014 £m
Equities (quoted)	27.5	27.1
Corporate bonds (quoted)	97.3	73.7
Corporate bonds (unquoted)	–	28.9
Property (unquoted)	7.1	6.6
Gilts and cash (quoted)	201.4	203.1
Gilts and cash (unquoted)	32.2	28.6
Total market value of assets	365.5	368.0
Present value of scheme liabilities	(342.5)	(340.5)
Surplus in scheme	23.0	27.5

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 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Current service cost	1.1	1.0
Administration expenses	1.0	0.9
Total operating charge	2.1	1.9

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

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Actual return less expected return on pension scheme assets	13.0	(45.5)
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	1.9	27.8
Actuarial remeasurements	14.9	(36.4)

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

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
At beginning of period	340.5	327.8
Movement in period:		
Service cost	1.1	1.0
Interest cost	12.7	15.1
Remeasurements – changes in demographic and financial assumptions and experience adjustments	1.9	9.0
Benefits paid	(12.6)	(11.4)
Insurance premium for risk benefits	(1.1)	(1.0)
At end of period	342.5	340.5

30. Retirement benefit schemes

Movements in the present value of fair value of scheme assets in the current period were as follows:

	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
At beginning of period	**368.0**	310.3
Movement in period:		
Interest income on assets	**13.9**	14.5
Remeasurements – return on plan assets (excluding interest income)	**(13.0)**	45.5
Contributions from the sponsoring companies	**11.3**	11.0
Administration expenses charged to profit before interest and tax	**(1.0)**	(0.9)
Benefits paid	**(12.6)**	(11.4)
Insurance premium for risk benefits	**(1.1)**	(1.0)
At end of period	**365.5**	368.0

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 £16.9m
Rate of increase in inflation	Increase by 25% p.a.	Increase of £15.9m
Life expectancy	Members assumed to live one year longer	Increase of £9.9m

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 £365.5m and £342.5m respectively were held on the Group's Consolidated Statement of Financial Position as at 29 December 2015 (30 December 2014: £368.0m and £340.5m 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 in addition to corporate bonds, the scheme invests in asset classes other than corporate bonds which may out or underperform 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 live longer than expected, the scheme's benefits will need to be paid for longer, increasing the defined benefit obligation (longevity risk).

The Trustees and the Company manage the investment risk (asset volatility) in the scheme by investing c90% of the scheme's investments in Liability Driven Investments (LDI) strategies which aim to invest in assets whose values move broadly in tandem with changes in liability values arising from market movements.

The Company accepts and indemnifies the other residual risks in the scheme including longevity risk.

Funding

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, as described in note 21.

The weighted average duration of the scheme's defined benefit obligation as at 29 December 2015 is 20 years (30 December 2014: 23 years).

There were no plan amendments, curtailments or settlements during the period.

31. 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

Associates

During the period the Group made purchases of £49.9m (52 weeks ended 30 December 2014: £48.3m) from Satellite Information Services Limited, a subsidiary of the Group's associated undertaking, SIS. At 29 December 2015, the amount receivable from Satellite Information Services Limited by the Group was £nil (30 December 2014: £nil).

The Group made no purchases from its associated undertaking, NeoGames. At 29 December 2015, no amounts were due to or from NeoGames.

All transactions with associates were made at market price.

The Group has made available a US$15m loan facility to NeoGames, of which $nil is drawn down.

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 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Short-term employee benefits (including salaries)	**2.5**	2.0
Post-employment benefits (employer's contribution)	**0.2**	0.2
Share-based payments (IFRS 2 charges)	**0.2**	1.3
	2.9	3.5

The disclosures above include c£84,000 received by directors in respect of dividends on the Company's ordinary shares (period to 30 December 2014: c£86,000).

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 (DRR). In addition, the above includes bonuses on a paid basis, whereas the DRR includes them on an accrued basis. Other than the inclusion of dividends, the timing of bonus inclusion and the basis of measurement of share-based payments, all values above are presented on a consistent basis with those disclosed in the DRR.

Pension schemes

The pension schemes of the Group are related parties. Arrangements between the Group and its pension schemes are disclosed in note 30.

32. 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 29 December 2015

	Notes	29 December 2015 £m	30 December 2014 £m
Fixed assets			
Investments	4	**38.2**	38.2
		38.2	38.2
Current assets			
Debtors			
Due within one year	5	**3,059.3**	2,916.7
Due after more than one year	6	**–**	2.3
		3,059.3	2,919.0
Creditors: amounts falling due within one year	7	**(847.0)**	(387.7)
Net current assets		**2,212.3**	2,531.3
Total assets less current liabilities		**2,250.5**	2,569.5
Creditors: amounts falling due after more than one year	8	**(369.5)**	(716.1)
Net assets		**1,881.0**	1,853.4
Capital and reserves			
Called-up share capital	9,11	**88.4**	87.7
Premium on ordinary shares	10,11	**686.6**	683.2
Capital redemption reserve	11	**6.8**	6.8
Own shares held	11	**(4.1)**	(1.1)
Profit and loss account	11	**1,103.3**	1,076.8
Shareholders' funds	11, 12	**1,881.0**	1,853.4

The Parent Company financial statements of William Hill PLC, registered number 4212563, were approved by the Board of directors and authorised for issue on 26 February 2016 and are signed on its behalf by:

J Henderson
Director

P Bowcock
Director

PARENT COMPANY STATEMENT OF ACCOUNTING POLICIES

for the 52 weeks ended 29 December 2015

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.

UK GAAP accounting standards were withdrawn for financial years beginning on or after 1 January 2015. Accordingly, for its financial year ending 28 December 2016, the Company intends to transition to reporting under FRS 101, as published by the Financial Reporting Council (FRC). The Company meets the definition of a qualifying entity as published by the FRC, and as such intends to take advantage of the disclosure exemptions available under FRS 101. No disclosures in the current UK GAAP financial statements would be omitted following transition to FRS 101. Any shareholder or shareholders holding in aggregate 5% or more of the allotted shares in the Company may serve objections on the Company by writing to the Company Secretary at the Registered Office, Greenside House, 50 Station Road, London N22 7TP, no later than 11 May 2016.

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 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 29 to the Group financial statements.

Going concern

A full description of the Group's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report, including the Financial Review, and in notes 20 and 21 to the financial statements.

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 is confident of its ability to continue to access sources of funding in the medium term. 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 and expected future 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.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
for the 52 weeks ended 29 December 2015

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 72 to 92 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 29 December 2015 of £135.4m (52 weeks ended 30 December 2014: £214.5m).

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 29 December 2015 Per share	52 weeks ended 30 December 2014 Per share	52 weeks ended 29 December 2015 £m	52 weeks ended 30 December 2014 £m
Equity shares:				
– current period interim dividend paid	4.1p	4.0p	36.2	35.1
– prior period final dividend paid	8.2p	7.9p	72.2	68.9
	12.3p	11.9p	108.4	104.0
Proposed final dividend	8.4p	8.2p	74.4	72.3

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 31 December 2014 and 29 December 2015	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.

All subsidiaries of the Company, their country of incorporation and ownership of their share capital are shown in note 14 to the Group financial statements.

5. Debtors: amounts falling due within one year

	29 December 2015 £m	30 December 2014 £m
Amounts owed by Group undertakings	3,054.7	2,914.4
Loans receivable	4.6	2.3
	3,059.3	2,916.7

6. Debtors: amounts falling due after more than one year

Debtors falling due after more than one year comprised the non-current portion of sums owed by GVC Holdings plc. The final sums owed are due to be settled in 2016.

7. Creditors: amounts falling due within one year

	29 December 2015 £m	30 December 2014 £m
Amounts owed to Group undertakings	543.6	383.3
Accruals and deferred income	4.3	4.4
Borrowings (note 8)	299.1	–
	847.0	387.7

8. Borrowings

Bank overdrafts and loans	29 December 2015 £m	30 December 2014 £m
Borrowings		
Bank loans	–	50.0
£375m 4.25% Guaranteed Notes due 2020	375.0	375.0
£300m 7.125% Guaranteed Notes due 2016	300.0	300.0
	675.0	725.0
The borrowings are repayable as follows:		
Amounts due for settlement within one year	300.0	–
In the second year	–	300.0
In the third to fifth years inclusive	375.0	50.0
After more than five years	–	375.0
	675.0	725.0
Less: expenses relating to bank loans	(3.0)	(3.8)
Less: expenses related to £375m 4.25% Guaranteed Notes due 2020	(2.5)	(3.1)
Less: discount on bond issue £300m issued at £297.9m	(0.3)	(0.7)
Less: expenses relating to £300m 7.125% Guaranteed Notes due 2016	(0.6)	(1.3)
	668.6	716.1
Less: amount shown as due for settlement in 12 months	(299.1)	–
Amount shown as due for settlement after 12 months	369.5	716.1

Bank facilities

As at 29 December 2015, 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, £nil of this facility was drawn down (30 December 2014: £50m).

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 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 reduce outstanding amounts under the Company'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 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

	29 December 2015		30 December 2014	
	Number of shares	**£m**	Number of shares	£m
Called-up, allotted and fully paid – ordinary shares of 10p each:				
At start of period	**876,907,386**	**87.7**	867,234,226	86.7
Shares issued in the period	**7,402,421**	**0.7**	9,673,160	1.0
At end of period	**884,309,807**	**88.4**	876,907,386	87.7

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 (2013)	914,627	nil	Between 2016 and 2023
Performance Share Plan (2014)	1,303,931	nil	Between 2018 and 2024
Performance Share Plan (2015)	1,558,619	nil	Between 2019 and 2025
Executive Bonus Matching Scheme (2013)	1,913,010	nil	April 2016
Executive Bonus Matching Scheme (2014)	46,512	nil	May 2017
Executive Bonus Matching Scheme (2015)	2,299,421	nil	March 2018
Retention awards	999,414	nil	Between 2017 and 2019
SAYE 2010	14,874	£1.48	Between 2013 and 2016
SAYE 2011	312,000	£1.40	Between 2014 and 2017
SAYE 2012	457,051	£1.65	Between 2015 and 2018
SAYE 2013	1,479,906	£3.12	Between 2015 and 2019
SAYE 2014	2,926,127	£2.73	Between 2016 and 2020
SAYE 2015	2,769,082	£3.03	Between 2017 and 2021

Note 29 to the Group financial statements has further information on these schemes, including the valuation models and assumptions used.

10. Share premium

	£m
At 31 December 2014	683.2
Shares issued in the period	3.4
At 29 December 2015	**686.6**

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 31 December 2014	87.7	683.2	6.8	(1.1)	1,076.8	1,853.4
Profit for the financial period	–	–	–	–	135.4	135.4
Other shares issued during the period	0.7	3.4	–	–	(0.5)	3.6
Purchase and issue of own shares	–	–	–	(3.7)	0.7	(3.0)
Transfer of own shares to recipients	–	–	–	0.7	(0.7)	–
Dividends paid (note 3)	–	–	–	–	(108.4)	(108.4)
At 29 December 2015	**88.4**	**686.6**	**6.8**	**(4.1)**	**1,103.3**	**1,881.0**

12. Reconciliation of movements in shareholders' funds

	29 December 2015 £m	30 December 2014 £m
Opening shareholders' funds	**1,853.4**	1,741.0
Profit for the financial period	**135.4**	214.5
Dividends paid	**(108.4)**	(104.0)
Purchase and issue of own shares	**(3.0)**	(0.8)
Other shares issued during the period	**3.6**	2.7
Net increase to equity shareholders' funds	**27.6**	112.4
Closing shareholders' funds	**1,881.0**	1,853.4

13. Financial commitments

The Company had no capital commitments at 29 December 2015 (30 December 2014: £nil).

The Company had no commitments under non-cancellable operating leases at 29 December 2015 (30 December 2014: £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

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Summarised results:					
Amounts wagered	**8,892.0**	8,945.7	7,800.8	5,884.8	5,228.6
Revenue	**1,590.9**	1,609.3	1,486.5	1,276.9	1,136.7
Profit before interest, tax and exceptional items (including associates)	**283.3**	363.2	324.1	325.6	272.1
Profit before interest and tax and after exceptional items (including associates)	**224.3**	281.8	303.0	311.1	221.9
Profit before tax	**184.7**	233.9	257.0	277.7	187.4
Profit for the financial period	**189.9**	206.3	226.5	231.0	146.5
Summarised statements of financial position:					
Assets employed:					
Non-current assets	**2,003.8**	2,098.4	2,141.2	1,685.2	1,643.7
Current assets	**342.9**	282.2	272.7	190.0	164.6
Current liabilities	**(663.2)**	(369.8)	(328.6)	(273.3)	(257.8)
Non-current liabilities	**(467.7)**	(850.5)	(1,062.0)	(564.9)	(650.9)
Net assets	**1,215.8**	1,160.3	1,023.3	1,037.0	899.6
Financed by:					
Equity attributable to equity holders of the parent	**1,215.8**	1,160.3	1,023.3	1,022.4	887.8
Minority interest	**–**	–	–	14.6	11.8
Total equity	**1,215.8**	1,160.3	1,023.3	1,037.0	899.6
Key statistics:					
Operating profit[1]	**291.4**	372.2	335.0	330.6	275.7
Adjusted basic earnings per share[2]	**24.7p**	29.9p	28.8p	27.2p	22.5p
Diluted earnings per share[2]	**21.5p**	23.4p	24.7p	24.7p	15.1p
Dividends per share (paid)[3]	**12.3p**	11.9p	10.9p	9.4p	8.1p
Share price – high	**£4.32**	£4.12	£4.95	£3.58	£2.48
Share price – low	**£3.12**	£3.15	£3.39	£1.95	£1.68

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

2015 Final Results	26 February 2016
2015 Final Dividend Record Date	29 April 2016
2016 Annual General Meeting	11 May 2016
2015 Final Dividend Payment Date	3 June 2016
2016 Half Year Results	5 August 2016

Registrar

The registrar of the Company is Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ (www.computershare.com). Telephone 0370 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

ABI
Association of British Insurers

AGM
Annual General Meeting

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

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)

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

IASB
International Accounting Standards Board

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

NeoGames
NeoGames S.a.r.l and subsidiaries

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 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 2 to 50 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:

IAS 19 (amended)	Employee Benefits
Annual Improvements 2010–2012 cycle	
Annual Improvements 2011–2013 cycle	

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:

IAS 1 (amended)	Presentation of Financial Statements
IFRS 9 (revised)	Financial instruments
IFRS 10 (amended)	Consolidated financial statements
IFRS 11 (amended)	Joint arrangements
IFRS 12 (amended)	Disclosure of Interests in Other Entities
IFRS 15	Revenue from contracts with customers
IAS 16 (amended)	Property, plant and equipment
IFRS 16	Leases
IAS 27 (amended)	Separate financial statements
IAS 28 (amended)	Investments in associates and joint ventures
IAS 38 (amended)	Intangible assets
Annual Improvements 2012–2014 cycle	

We anticipate that IFRS 16 'Leases', which will come into effect in 2019, will have a material impact upon the Group's reported performance. Since the impact is influenced by interest rates in future years, it is not yet possible to reasonably quantify its effects. We do not anticipate a material impact on the results or net assets of the Group from any other 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 29 December 2015. 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.

Interests 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. Interests 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 within the interests in associates line. 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 OTC 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 and VAT, 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.

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 asset or 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 five 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 five years
Customer relationships	– between three and eight years
Bookmaking and mobile technology	– between three and five years
Wagering/lottery contracts	– ten to 12 years

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, fittings 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 in reserves.

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.

Receivables

Trade and other 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.

Payables

Trade and other 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 net 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

A full description of the Group's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report, including the Financial Review, and in notes 20 and 21 to the financial statements.

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 is confident of its ability to continue to access sources of funding in the medium term. 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 and expected future 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.

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 scheme 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 30 provides information on the assumptions used in these financial statements.

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.

Design and production
Radley Yeldar | www.ry.com

Printing
Pureprint Group

This report was printed by Pureprint Group using their environmental print technology which minimises the negative environmental impacts of the printing process. Vegetable-based inks were used throughout and 99% of the dry waste associated with this production has been recycled.

Pureprint Group is a CarbonNeutral® company, has ISO90001 and ISO14001 accreditation (a pattern of control for an environmental management system against which an organisation can be credited by a third party), is registered to EMAS, the Eco Management and Audit Scheme, and also holds the Queen's Award for Enterprise: Sustainable Development. www.pureprint.com

This report has been printed on Claro2 Silk and UPM Fine Offset, both are FSC® (Forest Stewardship Council) certified papers from responsible sources. This ensures that there is an audited chain of custody from the tree in the well-managed forest through to the finished document in the printing factory.

The CO_2 emissions from the production and distribution of this report have been offset through the purchase of carbon credits in the Pureprint Gold. The offsets are always in Gold Standard accredited projects and currently come from the Basa Magogo project in South Africa. The first Gold Standard project of its kind in the world, this innovative behaviour-change programme teaches local communities in South Africa to burn coal more efficiently thereby reducing carbon emissions and reducing health risks by producing less smoke.

CERTIFIED CARBON NEUTRAL® Publication
CarbonNeutral.com
CO_2 emissions reduced to net zero in accordance with The CarbonNeutral Protocol

ISO 9001
ISO 14001

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C022913

William Hill PLC

Greenside House
50 Station Road
Wood Green
London, UK, N22 7TP

T +44 (0) 20 8918 3600
F +44 (0) 20 8918 3775

www.williamhillplc.com

Registered number:
4212563 England