

NEW JERSEY ANNUAL REPORT
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LICENSEE Harrah's Atlantic City, Inc.
ADDRESS 115 38th Street
Brigantine, N.J., 08203

FOR THE YEAR ENDED . . . December 31 , 1984

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL REPORT R. A. LENCZYCKI
OFFICIAL TITLE Vice President of Support Services
ADDRESS 1725 Brigantine Boulevard
Atlantic City, New Jersey 08401

TRADING NAME OF LICENSEE Harrah's Atlantic City, Inc.

LIST OF FORMS - ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 19 84

<u>TITLE</u>	<u>FORM NO.</u>
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BALANCE SHEETS

DECEMBER 31, 1984 AND 19 --

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1984	(d) 19--
ASSETS			
Current Assets			
1	Cash	\$ 91	\$
2	Marketable securities	-	
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1984, \$ -0- ; 19__, \$)	1,004	
4	Inventories	1,867	
5	Prepaid expenses and other current assets	142	
6	Total current assets	3,104	
7	Investments, Advances, And Receivables NOTE 2	131,722	
8	Property And Equipment - Net NOTE 3	3,125	
9	Other Assets	19	
10	Total Assets	\$ 137,970	\$
LIABILITIES AND EQUITY			
Current Liabilities			
11	Accounts payable		
12	Notes payable		
Current portion of long-term debt:			
13	Due to affiliates NOTE 4	54	
14	Other NOTE 5	6,281	
15	Income taxes payable and accrued NOTE 6	1,357	
16	Other accrued expenses	32	
17	Other current liabilities	8,862	
18	Total current liabilities		
Long-Term Debt:			
19	Due to affiliates		
20	Other NOTE 7	15,275	
21	Deferred Credits NOTE 8	67,390	
22	Other Liabilities		
23	Commitments And Contingencies	91,527	
24	Total Liabilities	46,443	
25	Stockholders', Partners', Or Proprietor's Equity	\$ 137,970	\$
26	Total Liabilities And Equity		

See accompanying notes to financial statements.

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1984 AND 19--

(UNAUDITED)
(\$ IN THOUSANDS)

LINE NO.	DESCRIPTION (b)	(c) 1984	(d) 19--
	Revenue	\$	\$
1	Casino		
2	Rooms		
3	Food and beverage	18,324	
4	Other NOTE 9	18,324	
5	Total revenue		
6	Less: promotional allowances	18,324	
7	Net revenue		
	Costs And Expenses		
8	Cost of goods and services	18,324	
9	Selling, general, and administrative NOTE 9		
10	Provision for doubtful accounts	18,324	
11	Total		
12	Income (Loss) Before Depreciation And Amortization, Charges From Affiliates, And Interest	0	
13	Depreciation and amortization		
	Charges from affiliates:		
14	Interest		
15	Management fees		
16	Other		
17	Interest expense - external	0	
18	Income (Loss) From Operations	29,283	
19	Nonoperating income (expense) - net NOTE 10	29,283	
20	Income (Loss) Before Income Taxes And Extraordinary Items	11,913	
21	Provision (Credit) for income taxes NOTE 11	17,370	
22	Income (Loss) Before Extraordinary Items		
23	Extraordinary items (net of income taxes - 19__, \$; 19__, \$)	- -	
24	Net Income (Loss)	\$ 17,370	\$

TRADING NAME OF LICENSEE

HARRAH'S ATLANTIC CITY, INC.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED December 31, 19 84 AND 19 -

(UNAUDITED)
(\$ IN THOUSANDS)

	DESCRIPTION (b)	(c) 19 84	(d) 19 -
	Revenue	\$	\$
	Casino		
	Rooms		
	Food and beverage	4,886	
	Other	4,886	
	Total revenue		
	Less: promotional allowances	4,886	
	Net revenue		
	Costs And Expenses		
	Cost of goods and services	4,886	
	Selling, general, and administrative		
	Provision for doubtful accounts	4,886	
	Total		
	Income (Loss) Before Depreciation And Amortization, Charges From Affiliates, And Interest	0	
	Depreciation and amortization		
	Charges from affiliates:		
	Interest		
	Management fees		
	Other		
	Interest expense - external	0	
	Income (Loss) From Operations	2,802	
	Nonoperating Income (expense) - net	2,802	
	Income (Loss) Before Income Taxes And Extraordinary Items .	1,060	
	Provision (Credit) for income taxes	1,742	
	Income (Loss) Before Extraordinary Items		
	Extraordinary items (net of income taxes - 19__, \$; 19__, \$)	-	
	Net Income (Loss)	\$1,742	\$

See accompanying notes to financial statements.

CCC-315

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 19 84 AND 19 --

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 84		19	
		(c) SHARES	(d) \$	(e) SHARES	(f) \$
			\$		\$
	Common Stock				
1	Beginning balance (January 1) ^{NOTE 12}	525,000	525		
2	Sale of stock				
3					
4	Ending balance	525,000	525		
	Preferred Stock				
5	Beginning balance (January 1)				
6	Sale of stock				
7					
8	Ending balance				
	Additional Paid-in Capital				
9	Beginning balance (January 1)				
10					
11					
12	Ending balance				
	Treasury Stock				
13	Beginning balance (January 1)		()		()
14	Purchase of additional stock		()		()
15	Sale or retirement of stock				
16	Ending balance		()		()
	Subscriptions Receivable For Capital Stock				
17	Beginning balance (January 1)		()		()
18					
19					
20	Ending balance		()		()
	Net Unrealized Loss On Noncurrent Marketable Equity Securities				
21	Beginning balance (January 1)		()		()
22					
23					
24	Ending balance		()		()
	Retained Earnings				
25	Beginning balance (January 1)		28,548		
26	Prior period adjustments		--		
27	Net income (loss)		17,370		
28	Dividends		()		()
29					
30					
31	Ending balance		45,918		
	Ending Stockholders' Equity		\$		\$
32			46,443		

STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED DECEMBER 31, 1984 AND 19 --

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1984	(d) 19--
	Sources Of Funds	\$	\$
1	Income (loss) before extraordinary items	17,370	
	Add (deduct) items not affecting working capital:		
2	Depreciation and amortization of property and equipment		
3	Amortization of other assets		
4	Deferred income taxes		
5	(Gain) loss on dispositions of property and equipment		
6	Other items:		
7			
8			
9	Total funds provided (used) by operations, exclusive of extraordinary items	17,370	
10	Extraordinary items		
11	Total funds provided (used) by operations	17,370	
12	Proceeds from dispositions of property and equipment		
13	Proceeds from long-term debt		
14	Additions to deferred credits and other liabilities	382	
15	Proceeds from issuance of stock or capital contributions		
16	Other sources of funds:		
17			
18			
19	Total funds provided	17,752	
	Uses Of Funds		
20	Additions to property and equipment	2,249	
21	Additions to investments, advances, and receivables	19,717	
22	Reductions of long-term debt	75	
23	Dividends declared or capital distributions		
24	Other uses of funds:		
25			
26			
27	Total funds used	22,041	
		\$ (4,289)	\$
28	Increase (Decrease) in Working Capital		
	Summary Of Changes in Components Of Working Capital	\$	\$
29	Cash	91	
30	Marketable securities	-	
31	Receivables and patrons' checks	(4,373)	
32	Inventories	1,867	
33	Prepaid expenses and other current assets	141	
34	Accounts payable	(1,059)	
35	Notes payable	-	
36	Current portion of long-term debt	1	
37	Income taxes payable and accrued	394	
38	Other accrued expenses	(1,319)	
39	Other current liabilities	(32)	
		\$	\$
40	Increase (Decrease) in Working Capital	(4,289)	

HARRAH'S ATLANTIC CITY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

On November 23, 1983, Harrah's Atlantic City, a New Jersey Corporation merged with Holiday Marina, Inc. and on November 30, 1983, the name of this corporation was changed to Harrah's Atlantic City, Inc. (H.A.C.), a wholly owned subsidiary of Holiday Inns, Inc.

H.A.C., a service corporation, provides administrative, managerial and other support services to Harrah's Marina Hotel Casino (Marina) and Trump Plaza (Plaza), both of which are New Jersey partnerships and subsidiaries of the company. All expenses incurred by H.A.C. are charged to Marina and Plaza in accordance with their respective partnership agreements. H.A.C. has 48.66% and 50% ownership interests in Harrah's Marina and Trump Plaza, respectively. The accompanying financial statements include H.A.C.'s interest in the net earnings of Marina and Plaza.

On May 26, 1984, H.A.C. received a casino license from the New Jersey Casino Control Commission. The license expires May 25, 1985.

INVENTORIES

Inventories of provisions and supplies are valued at the lower of cost, weighted average or market.

PROPERTY AND EQUIPMENT

Property and equipment is carried at cost and is depreciated on the straight-line method using rates based on the following estimated useful lives:

BUILDINGS	40 years
FURNITURE, FIXTURES AND EQUIPMENT	6-10 years
AUTOMOBILES	3 years

Expenditures for maintenance and repairs are charged against income; renewals and betterments are capitalized. Assets and related amounts are removed from the accounts upon retirement or other disposition, and any resulting gains or losses are recorded as income.

INCOME TAXES

The accompanying financial statements include a provision for federal and state income taxes.

HARRAH'S ATLANTIC CITY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2: INVESTMENTS, ADVANCES, AND RECEIVABLES

Investments, advances, and receivables at December 31, 1984, consisted of:

	(000's)
Investment in Marina	\$ 75,009
Investment in Plaza	49,716
Investment in DJ Trump Parking	4,262
Investment in Seashore Four	2,735
	<u>\$131,722</u>

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment at December 31, 1984, consisted of:

	(000's)
Land	\$ 42
Buildings, Leaseholds & Improvements	2,242
Furniture, Fixtures & Equipment	1,394
	<u>3,678</u>
Less: Accumulated Depreciation	(553)
	<u>\$ 3,125</u>

NOTE 4: LONG-TERM DEBT

Long-term debt at December 31, 1984, consisted entirely of a one year unsecured demand loan, dated November 30, 1984, at an interest rate equal to the lender's prime rate.

NOTE 5: INCOME TAXES PAYABLE AND ACCRUED

Income taxes payable and accrued at December 31, 1984, consisted of:

	(000's)
Federal Income Taxes Payable	<u>\$ 6,281</u>

HARRAH'S ATLANTIC CITY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6: OTHER ACCRUED EXPENSES

Other accrued expenses at December 31, 1984, consisted of:

	(000's)
Payroll Taxes Payable	\$ 608
Accrued Salaries and Wages	588
Other Accrued Expenses	161
	<u>\$ 1,357</u>

NOTE 7: DEFERRED CREDITS

Deferred credits at December 31, 1984, consisted of:

	(000's)
Deferred Federal Income Taxes	<u>\$15,275</u>

NOTE 8: OTHER LIABILITIES

Other liabilities at December 31, 1984, consisted of:

	(000's)
Due to A.I.R. Corp.	\$ 3
Due to (from) H.H.I. New Jersey	(623)
Due to H.I.I. Parent	34,410
Due to Harrah's Club	2,243
Due to Harrah's Holding	29,667
Due to Harrah's New Jersey, Inc.	338
Due to Marina Associates	1,352
	<u>\$67,390</u>

HARRAH'S ATLANTIC CITY, INC.
 NOTES TO FINANCIAL STATEMENTS

NOTE 9: RELATED PARTY TRANSACTIONS

Various expenses, such as payroll, legal, consulting and other operating expenses are incurred by the company and charged to Harrah's Marina and Trump Plaza at cost. Charges to Marina and Plaza as of December 31, 1984, were:

	(000's)
<u>MARINA</u>	
Executive	\$ 803
Business Development	694
Finance	1,299
Human Resources	1,178
Logistics	4,075
Management Information Systems	1,175
Sales & Marketing	1,410
Legal & Risk Management	366
Other	781
	<u>11,781</u>
<u>PLAZA</u>	
Executive	456
Business Development	565
Finance	650
Human Resources	596
Logistics	2,539
Management Information Systems	632
Sales & Marketing	146
Legal & Risk Management	237
Other	722
	<u>6,543</u>
TOTAL	<u>\$18,324</u>

HARRAH'S ATLANTIC CITY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 10: EQUITY INCOME FROM SUBSIDIARIES

Equity income from Harrah's Marina, Trump Plaza and Seashore Four Associates at December 31, 1984:

TWELVE MONTHS ENDED DECEMBER 31, 1984

(000's)

	<u>MARINA</u>	<u>PLAZA</u>	<u>SEASHORE FOUR</u>	<u>COMBINED</u>
Net Income (Loss)	\$60,304	\$ (241)	\$ 446	
Ownership Interest	@48.66%	@50.00%	@50.00%	
Equity Income	29,344	(121)	223	
Ownership Differential Amortization	-	(163)	-	
EQUITY ADJUSTMENT	<u>\$29,344</u>	<u>\$ (284)</u>	<u>\$ 223</u>	<u>\$29,283</u>

QUARTER ENDED DECEMBER 31, 1984

(000's)

	<u>MARINA</u>	<u>PLAZA</u>	<u>SEASHORE FOUR</u>	<u>COMBINED</u>
Net Income (Loss)	\$11,504	\$ (5,712)	\$ 446	
Ownership Interest	@48.66%	@50.00%	@50.00%	
Equity Income	5,598	(2,856)	223	
Ownership Differential Amortization	-	(163)	-	
EQUITY ADJUSTMENT	<u>\$ 5,598</u>	<u>\$ (3,019)</u>	<u>\$ 223</u>	<u>\$ 2,802</u>

HARRAH'S ATLANTIC CITY, INC.
 NOTES TO FINANCIAL STATEMENTS

NOTE 11: PROVISION FOR INCOME TAXES

The provision for income taxes consisted of the following:

TWELVE MONTHS ENDED DECEMBER 31, 1984

	(000's)
Federal Income Tax	
Current	\$ 6,281
Deferred	5,632
	<u>\$11,913</u>

QUARTER ENDED DECEMBER 31, 1984

	(000's)
Federal Income Tax	
Current	\$ 559
Deferred	501
	<u>\$ 1,060</u>

Reconciliation to statutory rate at December 31, 1984:

	<u>ADJUSTMENTS TO BOOK INCOME</u>	<u>TAX EFFECT</u>
Pre-Tax Book Income		<u>\$29,284</u>
Tax @48%		14,056
Add: HII interest capitalized on investment in Trump Plaza, Net Current Years Amortization	2,258	1,084
Acquisition Adjustment	425	204
Other	213	102
Tax Rate Adjustment 48% vs. 46%		(644)
		<u>14,802</u>
Less:		
Investment Tax Credit		2,779
Targeted Jobs Tax Credit		110
		<u>11,913</u>
FEDERAL TAX PROVISION		<u>\$11,913</u>

HARRAH'S ATLANTIC CITY, INC.
 NOTES TO FINANCIAL STATEMENTS

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

NOTE 12: STOCKHOLDERS, PARTNERS OR PROPRIETOR'S

STOCKHOLDER

NUMBER OF SHARES
OF COMMON STOCK

Holiday Inn, Inc.
 3742 Lamar Avenue
 Memphis, Tennessee 38195

525,000 Authorized &
 Issued
 \$1 Par Value

DESCRIPTION	AMOUNT	NUMBER OF SHARES
Unissued patrons' checks		
Returned patrons' checks		
Patrons' checks		
Accounts receivable		
Notes receivable		
Due from officers and directors		
Due from affiliates		
Other accounts and notes receivable		
Other receivables		
Prepaid expenses		
Unrecorded income		
Unrecorded expenses		
Beginning balance January 1		
Counter checks issued		
Checks returned prior to deposit		
Checks collected through deposits		
Checks transferred to returned checks		
Other adjustments		
Ending balance		
Patrons' checks included in balance in 1974		
Provision for uncollectible patrons' checks		
Provision for uncollectible counter checks issued		

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 1984

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES			
LINE (a)	DESCRIPTION (b)	ACCOUNT (c) BALANCE	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
		\$	
1	Undeposited patrons' checks	-	
2	Returned patrons' checks	-	
	Total patrons' checks	-	\$ -
4	Hotel receivables	-	-
5	Receivables due from officers and employees	9	
6	Receivables due from affiliates	995	
7	Other accounts and notes receivables	-	
8	Total other receivables	1,004	1,004
		\$	\$
9	Totals (Form 305)	1,004	1,004

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
		\$
10	Beginning balance (January 1)	-
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	()
13	Checks collected through deposits	()
14	Checks transferred to returned checks	()
15	Other adjustments	
16	Ending balance	\$
		\$
17	"Hold" checks included in balance on line 16	-
		\$
18	Provision for uncollectible patrons' checks	
19	Provision as a % of counter checks issued	\$

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE HARRAH'S ATLANTIC CITY, INC.
ADDRESS 115 38th Street
Brigantine, NJ 08203

FOR THE YEAR ENDED DECEMBER 31, 19 84

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



**NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL EMPLOYMENT
AND PAYROLL REPORT.....**

R. A. LENCZYCKI

OFFICIAL TITLE.....

Vice President, Support Services

ADDRESS.....

115 38th Street

Brigantine, NJ 08203

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 19 84
(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		(f) TOTALS
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	
	CASINO				
1	Administration				
2	Gaming				
3	Slots				
4	Casino accounting				
5	Other		\$	\$	\$
6	Total-casino				
7	ROOMS				
8	FOOD AND BEVERAGE				
	OTHER OPERATED DEPARTMENTS				
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
✓ 20	Executive office	10	711	176	887
✓ 21	Accounting and auditing	112	2,358	-	2,358
22	Security				
✓ 23	Other administrative and general department ..	256	5,160	-	5,160
✓ 24	MARKETING	19	631	-	631
25	GUEST ENTERTAINMENT				
26	PROPERTY OPERATION AND MAINTENANCE				
27	TOTALS - ALL DEPARTMENTS	397	\$ 8,860	\$ 176	\$ 9,036

Trading Name of Licensee HARRAH'S ATLANTIC CITY, INC.

ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE

For the Year Ended December 31, 1984

3-22-85

Date


Signature

Vice President, Support Services
Title