

**VERNONS FINANCIAL SERVICES LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**31 DECEMBER 1996**



# **VERNONS FINANCIAL SERVICES LIMITED**

**Company Number : 2122895**

## **DIRECTORS' REPORT - YEAR ENDED 31 DECEMBER 1996**

**DIRECTORS:** P E R Jarrold  
S H Roberts  
G Russell  
P Ammundsen (appointed 01/01/96)

**SECRETARY:** M J Noble

**REGISTERED OFFICE:** Maple Court  
Central Park  
Reeds Crescent  
Watford  
Hertfordshire WD1 1HZ

The directors have pleasure in presenting their report and the company's accounts for the year ended 31 December 1996.

### **ACCOUNTS AND DIVIDEND**

The profit for the year attributable to shareholders amounts to £36,419 (1995 £17,350).

No dividend is recommended by the directors.

### **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS**

The company markets a range of financial services products. Vernons Financial Services Limited is an appointed representative of the Sun Life Marketing Group and has a credit brokerage licence from the Office of Fair Trading.

### **FUTURE DEVELOPMENTS**

The Company will continue to develop its relationship with Sun Life as an appointed representative and market general insurance products such as Home Contents and Motor through leading insurance companies on a single writer basis.

### **DIRECTORS**

The directors during the year ended 31 December 1996 are shown above.

# VERNONS FINANCIAL SERVICES LIMITED

## DIRECTORS' REPORT - YEAR ENDED 31 DECEMBER 1996 (continued)

### DIRECTORS' INTERESTS

According to the register kept by the company pursuant to Section 325 of the Companies Act 1985 the directors at 31 December 1996 and their families;

- a) had the following interests in the shares of Ladbroke Group PLC;

	31 Dec 1996	31 Dec 1995 (or Subsequent Date of Appointment)
<u>P E R Jarrold</u>		
1978 Share Option Scheme	125,000	125,000
International Share Option Scheme	40,000	Nil
<u>S H Roberts</u>		
10p Ordinary	Nil	52
1978 Share Option Scheme	27,344	41,344
1979 Employee Share Scheme	Nil	347
1983 Savings Related Scheme	2,884	2,884
International Share Option Scheme	7,000	Nil
<u>G Russell</u>		
10p Ordinary	75	61
1978 Share Option Scheme	34,310	51,310
1979 Employee Share Scheme	Nil	402
International Share Option Scheme	7,000	Nil
<u>P Ammundsen</u>		
1978 Share Option Scheme	7,000	Nil
1983 Savings Related Scheme	11,642	Nil

# VERNONS FINANCIAL SERVICES LIMITED

## DIRECTORS' REPORT - YEAR ENDED 31 DECEMBER 1996 (continued)

- b) were granted or exercised during the year or period since appointment options for the following shares of Ladbroke Group PLC;

	<u>Shares Under the Terms of the</u>						
	<u>1978 Scheme</u>		<u>1983 Scheme</u>		<u>International Share</u>		
	<u>Granted</u>	<u>Exercised</u>	<u>Granted</u>	<u>Exercised</u>	<u>Option Scheme</u>	<u>Granted</u>	<u>Exercised</u>
P E R Jarrold	Nil	Nil	Nil	Nil	40,000	Nil	
S H Roberts	Nil	14,000	Nil	Nil	7,000	Nil	
G Russell	Nil	17,000	Nil	Nil	7,000	Nil	
P Ammundsen	7,000	Nil	11,642	Nil	Nil	Nil	

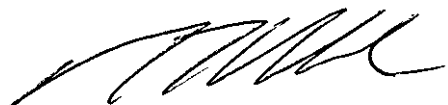
Except as shown above, no director at 31 December 1996 held at that date or at 31 December 1995 any interests in, or during the period since appointment was granted or exercised a right to subscribe for, the shares or debentures of this company or Ladbroke Group PLC or its subsidiaries.

### AUDITORS

In accordance with Section 386 of the Companies Act 1985 the company has dispensed with the obligation to appoint auditors annually, and accordingly Ernst & Young will continue in office.

By order of the Board on

15 JUL 1997



M J Noble  
Secretary

# **VERNONS FINANCIAL SERVICES LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

### **In relation to the accounts**

The following statement, which should be read in conjunction with the statement of auditors' responsibilities set out on page 6 is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the accounts.

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for the financial year.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The directors consider that in preparing the accounts on pages 7 to 12 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed, subject to any explanations and any material departures disclosed in the notes to the accounts.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them and which they deem appropriate to safeguard the assets of the company and to seek to prevent and detect fraud and other irregularities.

**REPORT OF THE AUDITORS**  
**to the members of Vernons Financial Services Limited**

We have audited the accounts on pages 7 to 12, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

**Respective responsibilities of directors and auditors**

As described on page 5 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

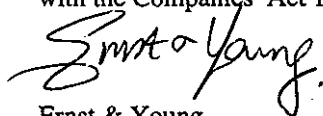
**Basis of opinion**

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

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

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Chartered Accountants  
Registered Auditor  
Manchester  
21 July 1997

# VERNONS FINANCIAL SERVICES LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	Note	1996 £	1995 £
<b>Turnover</b>	2	64,401	89,329
<b>Operating Charges</b>		<u>(27,982)</u>	<u>(71,979)</u>
<b>Operating Profit</b>		36,419	17,350
<b>Taxation</b>	4	<u>-</u>	<u>-</u>
<b>Retained Profit for the Financial Year</b>		<u><u>36,419</u></u>	<u><u>17,350</u></u>

All turnover and profit on ordinary activities is derived from continuing operations.

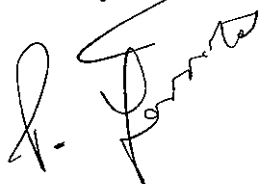
There are no recognised gains and losses in the company other than the profit for the financial year.

# VERNONS FINANCIAL SERVICES LIMITED

## BALANCE SHEET AT 31 DECEMBER 1996

	Note	1996 £	1995 £
<b>Current Assets</b>			
Debtors	5	8,401	4,748
<b>Creditors; amounts falling due within one year</b>	6	(136,836)	(169,602)
<b>Net Current Liabilities</b>		<u>(128,435)</u>	<u>(164,854)</u>
<b>Capital and Reserves</b>			
Called Up Share Capital	7	2	2
Profit and Loss Account	8	<u>(128,437)</u>	<u>(164,856)</u>
		<u>(128,435)</u>	<u>(164,854)</u>

Approved by the Board on



1 FEB 1997

**P E R Jarrold**  
Director



# **VERNONS FINANCIAL SERVICES LIMITED**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1996**

### **1. Accounting Policies**

#### **(a) Accounting Convention**

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain properties and in accordance with applicable accounting standards.

#### **(b) Deferred Taxation**

No provision for deferred taxation has been made, as an undertaking has been received from the company's ultimate holding company, Ladbroke Group PLC, that the latter will assume all liabilities for taxation, including those amounts arising as a result of the reversal of timing differences.

### **2. Turnover**

Turnover, all of which arises in the United Kingdom, represents the invoiced value of financial services provided, exclusive of Value Added Tax.

### **3. Staff Costs**

All operations of the company are undertaken by employees of other group undertakings and their respective emoluments have been included in the accounts of those undertakings.

### **4. Taxation**

No provision has been made in these accounts for U.K. corporation tax, as an undertaking has been received from its ultimate holding company, Ladbroke Group PLC, that the latter will assume all liability for any such taxation which may include covering such tax liabilities with surrenders of group relief or ACT free of charge.

# VERNONS FINANCIAL SERVICES LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1996

### 5. Debtors - amounts falling due within one year

	1996 £	1995 £
Trade Debtors	6,000	4,746
Amounts owed by fellow subsidiary undertakings	2,401	2
	<u>8,401</u>	<u>4,748</u>

### 6. Creditors - amounts falling due within one year

	1996 £	1995 £
Bank Overdraft	132,453	137,555
Trade Creditors	-	1,420
Amounts owed to fellow subsidiary undertakings	-	8,742
Accruals	-	21,467
Tax and Social Security	4,383	418
	<u>136,836</u>	<u>169,602</u>

### 7. Called Up Share Capital

The share capital at 31 December 1996 and 31 December 1995 was as follows:-

	1996 £	1995 £
<u>Authorised</u>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<u>Allotted, Issued and Fully Paid</u>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

# VERNONS FINANCIAL SERVICES LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (continued)

### 8. Reconciliation of Shareholders' Funds and Movements on Reserves

	Share Capital	Profit and Loss Account	Total
	£	£	£
At 1 Jan 1995	2	(182,206)	(182,204)
Profit for the year		17,350	17,350
At 1 Jan 1996	2	(164,856)	(164,854)
Profit for the year		36,419	36,419
At 31 Dec 1996	2	(128,437)	(128,435)

### 9. Directors' Emoluments

No emoluments were paid to the directors of the company during the year (1995 £nil).

### 10. Cash Flow Statement

The company has taken advantage of FRS 1 which exempts wholly owned subsidiaries from preparing a cash flow statement. The ultimate parent company Ladbroke Group PLC has included the required cash flow statement in its consolidated financial statements.

# VERNONS FINANCIAL SERVICES LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (continued)

### 11. **Contingent Liabilities**

Under the terms of a cross guarantee agreement, the company has jointly and severally guaranteed the liabilities of certain other Ladbroke Group companies in respect of their current accounts held with a UK Clearing Bank. The amount under the guarantee is limited to any credit balances on current accounts held by the company with that bank. At 31 December 1996, the aggregate amount of such credit balances was Nil.

The company has also jointly and severally guaranteed the Value Added Tax liability of certain other Ladbroke Group Companies within a group registration amounting to approximately £5,456,000 (1995 £3,896,000) at 31 December 1996.

### 12. **Ultimate Holding Company**

The ultimate holding company is Ladbroke Group PLC, a company registered in England and Wales, the accounts of which are available from the registered office of that company at Maple Court, Central Park, Reeds Crescent, Watford, Herfordshire WD1 1HZ.

Ladbroke Group PLC has undertaken to provide to the company, whilst it remains a subsidiary financial support to enable it to meet its liabilities as they fall due.