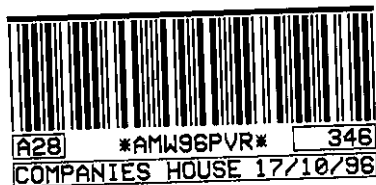


VERNONS FINANCIAL SERVICES LIMITED
DIRECTORS' REPORT AND ACCOUNTS
31 DECEMBER 1995



VERNONS FINANCIAL SERVICES LIMITED

Company Number : 2122895

DIRECTORS' REPORT - YEAR ENDED 31 DECEMBER 1995

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

SECRETARY: M J Noble

REGISTERED OFFICE: Chancel House
Neasden Lane
London NW10 2XE

The directors have pleasure in presenting their report and the company's accounts for the year ended 31 December 1995.

ACCOUNTS AND DIVIDEND

The profit for the year attributable to shareholders amounts to £17,350 (1994 £49,408).

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 Insurance through leading insurance companies on a single writer basis.

DIRECTORS

The directors during the year ended 31 December 1995 are shown above.

VERNONS FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT - YEAR ENDED 31 DECEMBER 1995 (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 1995 and their families;

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

	31 Dec 1995	31 Dec 1994
<u>P E R Jarrold</u>		
1978 Share Option Scheme	125,000	50,000
 <u>S H Roberts</u>		
10p Ordinary	52	45
1978 Share Option Scheme	41,344	29,844
1979 Employee Share Scheme	347	347
1983 Savings Related Scheme	2,884	2,884
 <u>G Russell</u>		
10p Ordinary	61	53
1978 Share Option Scheme	51,310	44,810
1979 Employee Share Scheme	402	402

- b) were granted or exercised during the year 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>Granted</u>	<u>Exercised</u>	<u>Granted</u>	<u>Exercised</u>
P E R Jarrold	75,000	Nil	Nil	Nil
S H Roberts	11,500	Nil	Nil	Nil
G Russell	6,500	Nil	Nil	Nil

VERNONS FINANCIAL SERVICES LIMITED

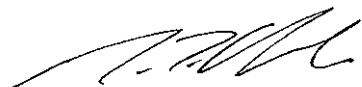
DIRECTORS' REPORT - YEAR ENDED 31 DECEMBER 1995 (continued)

Except as shown above, no director at 31 December 1995 held at that date or at 31 December 1994 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



M J Noble
Secretary

10 JUN 1996

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 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 misstatements, 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 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants

Registered Auditor

Manchester

28 AUG 1996

VERNONS FINANCIAL SERVICES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

	Note	1995 £	1994 £
Turnover	2	89,329	134,293
Operating Charges		<u>(71,979)</u>	<u>(84,885)</u>
Operating Profit		17,350	49,408
Taxation	4	<u>-</u>	<u>-</u>
Retained Profit for the Financial Year		<u><u>17,350</u></u>	<u><u>49,408</u></u>

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

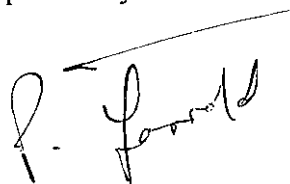
There are no recognised gains and losses in the company other than the profit for the financial year.

VERNONS FINANCIAL SERVICES LIMITED

BALANCE SHEET AT 31 DECEMBER 1995

	Note	1995 £	1994 £
Current Assets			
Debtors	5	4,748	6,969
Creditors; amounts falling due within one year	6	(169,602)	(189,173)
Net Current Liabilities		<u>(164,854)</u>	<u>(182,204)</u>
Capital and Reserves			
Called Up Share Capital	7	2	2
Profit and Loss Account	8	<u>(164,856)</u>	<u>(182,206)</u>
		<u>(164,854)</u>	<u>(182,204)</u>

Approved by the Board on



P E R Jarrold
Director

10 JUN 1996

VERNONS FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

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

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred tax balances.

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 charge to Corporation Tax arises as a result of the taxable profit for the year in either 1995 or 1994 due to the surrender of losses from other group companies free of charge.

VERNONS FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

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

	1995	1994
	£	£
Trade Debtors	4,746	6,967
Amounts owed by fellow subsidiary undertakings	2	2
	<u>4,748</u>	<u>6,969</u>

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

	1995	1994
	£	£
Bank Overdraft	137,555	164,751
Trade Creditors	1,420	127
Amounts owed to fellow subsidiary undertakings	8,742	-
Accruals	21,467	18,250
Tax and Social Security	418	6,045
	<u>169,602</u>	<u>189,173</u>

7. **Called Up Share Capital**

The share capital at 31 December 1995 and 31 December 1994 was as follows:-

	1995	1994
	£	£
<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 1995 (continued)

8. Reconciliation of Shareholders' Funds and Movements on Reserves

	Share Capital £	Profit and Loss Account £	Total £
At 1 Jan 1994	2	(231,614)	(231,612)
Profit for the year		49,408	49,408
Dividend		-	-
At 1 Jan 1995	2	(182,206)	(182,204)
Profit for the year		17,350	17,350
At 31 Dec 1995	2	(164,856)	(164,854)

9. Directors' Emoluments

No emoluments were paid to the directors of the company during the year (1994 £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.

11. Deferred Taxation

No provision for deferred taxation at 31 December 1995 is required and there is no amount of unprovided deferred taxation.

VERNONS FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (continued)

12. **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 1995, the aggregate amount of such credit balances was £2,693,567

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 £3,896,000 (1994 £6,931,000) at 31 December 1995.

13. **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 Chancel House, Neasden Lane, London NW10 2XE.

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.