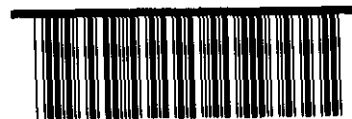


202895

**VERNONS FINANCIAL SERVICES LIMITED**

**DIRECTORS' REPORT & ACCOUNTS**

**31 DECEMBER 2000**



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# **VERNONS FINANCIAL SERVICES LIMITED**

**Company Number : 2122895**

## **DIRECTORS' REPORT – YEAR ENDED 31 DECEMBER 2000**

**DIRECTORS:** S H Roberts  
P Ammundsen  
C Bell

**SECRETARY:** M J Noble

**REGISTERED OFFICE:** Maple Court  
Central Park  
Reeds Crescent  
Watford  
Hertfordshire WD24 4QQ

The directors have pleasure in presenting their report and the Company's accounts for the year ended 31 December 2000.

### **ACCOUNTS AND DIVIDEND**

The profit for the year attributable to shareholders amounts to £64,303 (1999 £108,264).

No dividend is recommended by the directors (1999 £Nil).

### **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 AXA 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 AXA Sun Life as an appointed representative and look for opportunities for marketing other products from third parties, including credit cards and personal loans.

# VERNONS FINANCIAL SERVICES LIMITED

## DIRECTORS' REPORT – YEAR ENDED 31 DECEMBER 2000 (continued)

### DIRECTORS

The directors during the year ended 31 December 2000 are shown above.

### DIRECTORS' INTERESTS

According to the register kept by the Company pursuant to Section 325 of the Companies Act 1985 (excluding C Bell who was also a director of Hilton Group plc and was not required to notify the Company of any interest in any shares or debentures), the directors at 31 December 2000 and their families:

- a) had the following interests in the shares of Hilton Group plc;

	31 Dec 2000	31 Dec 1999
<u>S H Roberts</u>		
10p Ordinary Share	Nil	2,884
1978 Share Option Scheme	10,319	10,319
1983 Savings Related Scheme	7,859	7,859
International Share Option Scheme	105,431	65,431
 <u>P Ammundsen</u>		
1978 Share Option Scheme	13,717	13,717
1983 Savings Related Scheme	11,642	11,642
International Share Option Scheme	21,933	14,933

- b) were granted or exercised during the year options for the following shares of Hilton Group plc;

# VERNONS FINANCIAL SERVICES LIMITED

## DIRECTORS' REPORT - YEAR ENDED 31 DECEMBER 2000 (continued)

### DIRECTORS' INTERESTS (continued)

#### Shares Under the Terms of the

	<u>1978 Scheme</u>		<u>1983 Scheme</u>		<u>International Share Option Scheme</u>	
	<u>Granted</u>	<u>Exercised</u>	<u>Granted</u>	<u>Exercised</u>	<u>Granted</u>	<u>Exercised</u>
S H Roberts	Nil	Nil	Nil	Nil	40,000	Nil
P Ammundsen	Nil	Nil	Nil	Nil	7,000	Nil

Except as shown above, no director at 31 December 2000 held at that date or at 31 December 1999 any interests in, or during the year was granted or exercised a right to subscribe for, the shares or debentures of this Company or Hilton Group plc or its subsidiaries.

### AUDITORS

Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the Directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the Board on



M J Noble  
Secretary

28 JUN 2001

# **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 5, 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 6 to 11 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 general 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 shareholders of Vernons Financial Services Limited**

We have audited the accounts on pages 6 to 11, which have been prepared under the historical cost convention and the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 4, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

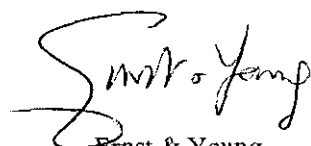
**Basis of opinion**

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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Registered Auditor  
Manchester

**28 JUN 2001**

# VERNONS FINANCIAL SERVICES LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Note	2000 £	1999 £
Turnover	2	138,049	108,439
Operating Charges		-	(175)
Profit before Taxation		138,049	108,264
Taxation	4	(73,746)	-
Retained Profit for the Financial Year		<u>64,303</u>	<u>108,264</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 2000

	Note	2000 £	1999 £
<b>Current Assets</b>			
Debtors	5	10,270	30,134
Cash at Bank and in Hand		271,002	100,310
		<hr/>	<hr/>
		281,272	130,444
<b>Creditors; amounts falling due within one year</b>	6	(110,544)	(24,019)
		<hr/>	<hr/>
<b>Net Current Assets</b>		170,728	106,425
		<hr/>	<hr/>
<b>Capital and Reserves</b>			
Called Up Share Capital	7	2	2
Profit and Loss account	8	170,726	106,423
		<hr/>	<hr/>
<b>Equity Shareholders' Funds</b>		170,728	106,425
		<hr/>	<hr/>

Approved by the Board on



**S H Roberts**  
Director

28 JUN 2001



# VERNONS FINANCIAL SERVICES LIMITED

## NOTES TO THE ACCOUNTS AT 31 DECEMBER 2000

### 1. Accounting Policies

#### *Accounting Convention*

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

### 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

The taxation charge for the year comprises:

	2000 £	1999 £
UK Corporation Tax based on the taxable profit for the year (30%)	41,000	-
Prior year adjustment for UK Corporation Tax based on profit for the year	32,746	-
	<hr/> 73,746	<hr/> -

# VERNONS FINANCIAL SERVICES LIMITED

## NOTES TO THE ACCOUNTS AT 31 DECEMBER 2000 (continued)

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

	2000 £	1999 £
Amounts owed by fellow subsidiary undertakings	10,270	30,134
	<u>10,270</u>	<u>30,134</u>

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

	2000 £	1999 £
Amounts owed to fellow subsidiary undertakings	22,920	22,920
Accruals and Deferred Income	7,221	-
Tax and Social Security	6,657	1,099
Corporation Tax	73,746	-
	<u>110,544</u>	<u>24,019</u>

### 7. Called Up Share Capital

The share capital at 31 December 2000 and 31 December 1999 was as follows:-

	2000 £	1999 £
<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 AT 31 DECEMBER 2000 (continued)

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

	Share Capital £	Profit and Loss Account £	Total £
At 1 January 1999	2	(1,841)	(1,839)
Profit for the year	-	108,264	108,264
At 1 January 2000	2	106,423	106,425
Profit for the year	-	64,303	64,303
At 31 December 2000	2	170,726	170,728

### 9. Directors' Emoluments

No emoluments were paid to the directors of the Company during the year (1999 £Nil).

### 10. Cash Flow Statement

The Company has taken advantage of FRS 1 which exempts wholly owned subsidiaries from preparing a cash flow statement where 90% or more of the voting rights are controlled within the Group. The ultimate parent company, Hilton Group plc, has included the required cash flow statement in its consolidated financial statements.

# **VERNONS FINANCIAL SERVICES LIMITED**

## **NOTES TO THE ACCOUNTS AT 31 DECEMBER 2000 (continued)**

### **11. Contingent Liabilities**

Under the terms of a cross guarantee agreement, the Company has jointly and severally guaranteed the liabilities of certain other Hilton 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 2000 the aggregate amount of such credit balances was £271,003 (1999 £100,310).

The Company has jointly and severally guaranteed the value added tax liability of certain other Hilton Group companies, within a group registration, amounting to £12,285,405 at 31 December 2000 (1999 £11,220,636).

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

The ultimate holding company is Hilton 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, Hertfordshire WD24 4QQ.

The Company has taken advantage of the provisions in FRS 8 which exempts subsidiary undertakings, where 90% or more of the voting rights are controlled within the Group, from disclosing transactions with other entities within the Group. The ultimate parent undertaking, Hilton Group plc, has included the required related party disclosure within its Group accounts.