

UKCL LIMITED
(Registered No. 3266491)

REPORTS AND FINANCIAL STATEMENTS

30th APRIL, 1997



**REPORTS AND FINANCIAL STATEMENTS FOR THE PERIOD FROM INCORPORATION
TO 30th APRIL, 1997**

Page

CONTENTS

Report of the Directors	2 - 3
Statement of Directors' Responsibilities	4
Report of the Auditors	5
Profit and Loss Account	6
Balance Sheet	7
Statement of Accounting Policies	8
Notes to the Financial Statements	9-11

UKCL LIMITED

REPORT OF THE DIRECTORS

The directors hereby submit their report, together with the financial statements of the company for the period from incorporation to 30th April, 1997.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company was incorporated on 21st October 1996 as a wholly owned subsidiary of The Rehab Group. On 6th December 1996 it acquired the trade of UK Charity Lotteries Limited and commenced trading with a principal business activity of the provision of lottery management services. On the 28th December 1996 the company was acquired by Littlewoods Lotteries Limited, a wholly owned subsidiary of The Littlewoods Organisation PLC, and the accounting reference date was changed to 30th April so as to be consistent with The Littlewoods Organisation PLC. On the 30th December 1996 the trade of UKCL Limited was transferred up to its parent company, Littlewoods Lotteries Limited, at which date UKCL Limited became dormant.

RESULTS AND DIVIDENDS

The loss for the period before taxation amounted to £2.

DIRECTORS

The directors who held office during the period were:

Temple Direct Limited	Appointed 21 October, 1996, resigned 4 December, 1996
Mr. F. M. Flannery	Appointed 4 December, 1996, resigned 28 December, 1996
Mr. J. D. Hussey	Appointed 4 December, 1996, resigned 28 December, 1996
Mr. R. Coombs-Prole	Appointed 4 December, 1996, resigned 28 December, 1996
Mr. T. K. Walsh	Appointed 4 December, 1996, resigned 28 December, 1996
Mr. J. C. Thwaite	Appointed 28 December, 1996
Mrs. M. Green	Appointed 28 December, 1996, resigned 30 June, 1997

Mr. G. Speakman was appointed as director subsequent to the period end on 13 November 1997.

There are no interests of directors which are within the disclosure requirements of the Companies Act 1985 in relation to the company, in shares of the company, its holding company or subsidiaries of the holding company.

POLICY ON PAYMENT OF CREDITORS

There were no creditors outstanding at 30 April 1997.

UKCL LIMITED**REPORT OF THE DIRECTORS****AUDITORS**

During the period Price Waterhouse resigned as auditors and were replaced by KPMG Audit Plc. A resolution to re-appoint the auditors, KPMG Audit Plc, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



Littlewoods Secretarial Services Limited
Secretary

LIVERPOOL 27 February, 1998

UKCL LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**REPORT OF THE AUDITORS TO THE MEMBERS OF
UKCL LIMITED**

We have audited the financial statements on pages 6 to 11.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

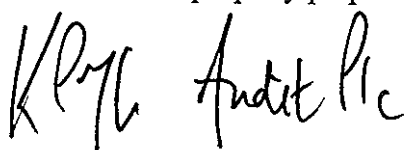
BASIS OF OPINION

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 30th April, 1997 and of the loss of the company for the period from incorporation to 30th April 1997 and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants and
Registered Auditor

LIVERPOOL 27 February, 1998

UKCL LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM INCORPORATION TO 30th APRIL, 1997**

	Notes	1997 £
TURNOVER		196,690
Distribution costs		(43,111)
Administration expenses		(153,581)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	1	<u>(2)</u>
Taxation		-
LOSS FOR PERIOD	4b	<u><u>(2)</u></u>

The company has no other recognised gains and losses other than the loss for the financial period shown above and therefore no separate statement of total recognised gains and losses has been presented.

All the company's activities were both acquired and discontinued in the year.

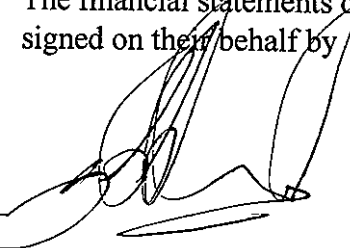
There is no difference between the loss on ordinary activities before taxation, and the loss for the period stated above, and their historical cost equivalents.

UKCL LIMITED

BALANCE SHEET AS AT 30th APRIL, 1997

		1997 £
NET ASSETS		-
CAPITAL AND RESERVES		
Called up share capital	4a	2
Profit and loss account	4b	(2)
EQUITY SHAREHOLDERS' FUNDS	4b	-

The financial statements on pages 6 to 11 were approved by the Board of Directors on 27 February, 1998 and signed on their behalf by



J. C. Thwaite
Director

UKCL LIMITED

STATEMENT OF ACCOUNTING POLICIES

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important group accounting policies, which have been applied consistently, is set out below.

BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis of accounting.

These financial statements are the first statements of the company. Accordingly, the audited accounts have been prepared for the period from incorporation (21 October, 1996) to 30th April, 1997.

TURNOVER

Turnover represents a management fee receivable from a former fellow subsidiary undertaking.

DEPRECIATION

Depreciation is provided on the straight line basis to write off the cost or valuation of fixed assets over their anticipated useful lives at the following annual rates:

Leasehold improvements	20.0%
Furniture and fittings	20.0%
Computers	20.0% - 33.3%

CASH FLOW

The company is a wholly owned subsidiary of The Littlewoods Organisation PLC and its cash flows are included in the consolidated cash flow statement of that company. Consequently, the company is exempt from the requirement of FRS1 to prepare a separate cash flow statement.

RELATED PARTY TRANSACTIONS

In accordance with the exemption conferred by FRS8, details of transactions with entities in the group have not been disclosed.

UKCL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM INCORPORATION TO 30th APRIL, 1997

1. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997 £
Profit on ordinary activities before taxation is stated after charging/(crediting):	
Depreciation - owned assets	20,881
Exceptional items	
Waiver of amounts due to a former fellow subsidiary company	(161,093)
	<u> </u>

2. DIRECTORS AND EMPLOYEES

	1997 £
Staff costs	
Wages and salaries	95,837
Social security costs	17,280
Pension scheme contributions	4,915
	<u> </u>
	118,032
	<u> </u>
	Number
Average number of employees	
Full time	93
Part time	2
	<u> </u>
	95
	<u> </u>
Full time equivalent	94
	<u> </u>

UKCL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM INCORPORATION
TO 30th APRIL, 1997

3. TANGIBLE FIXED ASSETS

	Total £	Land and buildings £	Fixtures, fittings and equipment £	Assets in course of constructio £
COST OR VALUATION				
At incorporation	-	-	-	-
Additions	1,536,189	317,161	1,219,028	-
Disposals	(1,515,308)	(312,392)	1,202,916	-
At 30th April, 1997	<u>20,881</u>	<u>4,769</u>	<u>16,112</u>	<u>-</u>
DEPRECIATION				
At incorporation	-	-	-	-
Charge for the period	20,881	4,769	16,112	-
Disposals	-	-	-	-
At 30th April, 1997	<u>20,881</u>	<u>4,769</u>	<u>16,112</u>	<u>-</u>
NET BOOK VALUE				
30th April, 1997	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At incorporation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

4. CAPITAL AND RESERVES

a) CALLED UP SHARE CAPITAL

	1997	
Authorised		
100 ordinary shares of £1 each		100
		<u>100</u>
Allotted, called up and fully paid		
	1997	
	No.	£
Issued in period - ordinary shares of £1	2	2
At 30th April, 1997	<u>2</u>	<u>2</u>

2 ordinary shares of £1 each were allotted on incorporation on 21st October, 1996 at par.

UKCL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM INCORPORATION
TO 30th APRIL, 1997**

b) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	1997 Total £
Loss for financial period	-	(2)	(2)
Issue of share capital at incorporation	2	-	2
At 30th April	<u>2</u>	<u>(2)</u>	<u>-</u>

5. ULTIMATE HOLDING COMPANY

The immediate holding company is Littlewoods Lotteries Limited. The ultimate holding company is The Littlewoods Organisation PLC.