

**T&N Trade Marks Limited**

Company Number 305253

Directors' Report for the Year Ended 31st December 1996

**Activities**

The business of the Company is to deal with intellectual property matters on behalf of T&N plc.

**Directors**

The following served as Directors during (and, unless otherwise indicated, throughout) the year:-

H F Baines  
J A Crux  
J H Devonald  
D W Finnett

**Directors' Interests**

The interests, all beneficial, of the Directors in the share capital of T&N plc comprise:-

								Ordinary Shares	
								31.12.96	31.12.95
H F Baines								-	-
J A Crux								738	640
J H Devonald								-	-
D W Finnett								-	-
								738	640
		Number of options				Market			
		Granted	Exercised	Exercise		price	Date of	Date	Expiry
		during year	during year	Price		on date	Grant	from which	Date
						exercised		exercisable	
		1.1.96		31.12.96					
H F Baines		15,685	-	-	15,685	172.1	-	15.4.93	15.4.96
		25,416	-	-	25,416	226.2	-	12.4.94	12.4.97
		25,416	-	-	25,416	207.5	-	6.10.94	6.10.97
		50,000	-	-	50,000	159.0	-	10.5.95	10.5.98
(1)		5,077	-	-	5,077	135.9	-	1.7.95	1.7.2000
		121,594	-	-	121,594				
J A Crux		(1)	4,424	-	4,424	101.7	-	6.5.92	1.6.97
		(1)	5,077	-	5,077	135.9	-	1.7.95	1.7.2000
		(1)	-	1,772	1,772	155.7	-	3.5.96	1.7.2001
		9,501	1,772	-	11,273				
J H Devonald		10,457	-	-	10,457	127.1	-	11.9.92	11.9.95
		12,548	-	-	12,548	172.1	-	15.4.93	15.4.96
		10,166	-	-	10,166	226.2	-	12.4.94	12.4.97
		20,000	-	-	20,000	159.0	-	10.5.95	10.5.98
		-	10,000	-	10,000	134.5	-	2.10.96	2.10.99
		53,171	10,000	-	63,171				
D W Finnett		10,166	-	-	10,166	226.2	-	12.4.94	12.4.97
		20,333	-	-	20,333	207.5	-	6.10.94	6.10.97
		20,000	-	-	20,000	159.0	-	10.5.95	10.5.98
		-	10,000	-	10,000	134.5	-	2.10.96	2.10.99
		50,499	10,000	-	60,499				

(1) These options have been granted under the Savings-Related Scheme. All other options have been granted under the Executive Scheme.

None of the directors have any other registered interests in the shares of the Company or any other company in the T&N Group.



**T&N Trade Marks Limited**

**Directors' Report for the Year Ended 31st December 1996 (continued)**

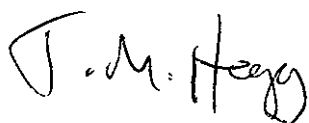
The market value of the shares at 31<sup>st</sup> December 1996 was 174p. The range during the year was 121p to 190p.

An additional 3,323 share options were allocated to H F Baines on 3<sup>rd</sup> May 1996 under the Savings Related Scheme. These have been cancelled on 21<sup>st</sup> January 1997. They were exercisable at a price of 155.7p and between 1<sup>st</sup> July 2001 and 31<sup>st</sup> December 2001.

**Dividends**

There was no dividend declared in respect of the year ended 31st December 1996.

*By Order of the Board*



Miss J M Hogg

**Secretary**

15th September 1997

T&N TRADE MARKS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- \* select suitable accounting policies and then 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 the 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.

T&N TRADE MARKS LIMITED

AUDITORS' REPORT TO THE MEMBERS OF T&N TRADE MARKS LIMITED

We have audited the financial statements on pages 5 to 9.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of the 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 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.



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
LONDON

15 September 1997

T&N TRADE MARKS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1996

	Notes	1996 £	1995 £
Other operating income		2,991,425	2,631,214
Operating profit	2	2,991,425	2,631,214
Interest receivable from group undertakings		-	35,833
Profit on ordinary activities before taxation		2,991,425	2,667,047
Tax on profit on ordinary activities	4	(388,944)	-
Profit on ordinary activities after taxation		2,602,481	2,667,047
Transfer to reserves		2,602,481	2,667,047

The Company has no recognised gains or losses other than the profit for the period. All results have been derived from continuing activities.

There is no difference between the result as disclosed above and the result given by an unmodified historical cost basis.

T&N TRADE MARKS LIMITED  
BALANCE SHEET

AS AT 31ST DECEMBER 1996

	Notes	1996 £	1995 £
<u>Fixed Assets</u>			
Intangible assets	5	13,113,555	13,113,555
<u>Current Assets</u>			
Cash		3,327,908	44
Debtors	6	311,773	617,701
		<hr/> 3,639,681	<hr/> 617,745
<u>Creditors:</u> amounts falling due within one year	7	(419,455)	-
		<hr/> 3,220,226	<hr/> 617,745
Net current assets			
Total assets less current liabilities		<hr/> 16,333,781	<hr/> 13,731,300
<u>Creditors:</u> amounts falling due after more than one year	8	(8,706,109)	(8,706,109)
		<hr/> 7,627,672	<hr/> 5,025,191
Net Assets		<hr/> <hr/>	<hr/> <hr/>
<u>Capital and Reserves</u>			
Called up share capital	9	24,000	24,000
Profit and loss account	10	7,603,672	5,001,191
		<hr/> 7,627,672	<hr/> 5,025,191
Shareholders' funds - equity	11	<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 5 to 9 were approved by the Board on 18th September 1997 and were signed on its behalf by:-

  
D W Finnett - Director

T&N TRADE MARKS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention.

(b) Deferred taxation

Deferred tax is recognised in the Company's financial statements only to the extent that it is probable it will be payable in the foreseeable future.

(c) Cash flow statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

2. OPERATING PROFIT

1996

1995

£

£

Is stated after crediting

Trademark royalties

3,037,867

2,710,916

There were no audit fees charged in the year (1995: £nil).

3. DIRECTORS AND EMPLOYEES

The directors have not received any remuneration for services to the Company during the year (1995: £nil).

There are no employees of the Company.

T&N TRADE MARKS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4. TAXATION

The taxation charge based on the results for the period is made up as follows:

	1996 £	1995 £
UK Corporation Tax at 33% (1995 33%)	388,944	-

The charge has been reduced by £Nil (1995: £880,000) as a result of Group Relief and by £598,400 (1995: £Nil) as a result of ACT surrenders received for which no consideration will pass.

5. INTANGIBLE ASSETS

These consist of trademarks whose value is carried at cost.

	1996 £	1995 £
Cost at 1st January	13,113,555	9,979,104
Additions in the period	-	3,355,000
Adjustments to cost of trademarks previously acquired	-	(220,549)
	<hr/>	<hr/>
Cost at 31st December	13,113,555	13,113,555
	<hr/>	<hr/>

6. DEBTORS

	£	£
Amounts owed by parent undertaking	-	43,092
Accrued income	311,773	574,609
	<hr/>	<hr/>
	311,773	617,701
	<hr/>	<hr/>

7. CREDITORS: Amounts falling due within one year

Amounts owed to parent undertaking	30,511	-
UK taxation charge	388,944	-
	<hr/>	<hr/>
	419,455	-
	<hr/>	<hr/>



T&N TRADE MARKS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

8.	<u>CREDITORS</u> : Amounts falling due after more than one year	1996 £	1995 £
	Amounts owed to parent undertaking or fellow subsidiary undertaking	8,706,109	8,706,109

9.	<u>CALLED UP SHARE CAPITAL</u>	1996 £	1995 £
	Authorised: 25,000 Ordinary shares of £1 each	25,000	25,000
	Issued and fully paid: 24,000 Ordinary shares of £1 each	24,000	24,000

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £	Profit & Loss Account £	Total 1996 £	Total 1995 £
Opening shareholders' funds	24,000	5,001,191	5,025,191	2,358,144
Retained profit for the year	-	2,602,481	2,602,481	2,667,047
Closing shareholders' funds	24,000	7,603,672	7,627,672	5,025,191

11. ULTIMATE PARENT COMPANY

The Company's immediate parent company is AE plc and the Company's ultimate parent company is T&N plc. Both are registered in England and Wales. Copies of the T&N plc Annual Report and Accounts can be obtained from the Company Secretary at Bowdon House, Ashburton Road West, Manchester, M17 1RA.