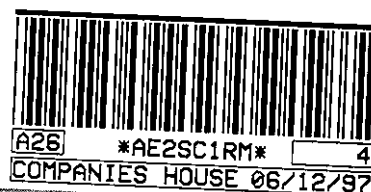


Company Number
1917610

PRODUCT IDENTITY DESIGN LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
28th FEBRUARY 1997

SIMSON JONES
Chartered Accountants, Registered Auditors
LONDON



PRODUCT IDENTITY DESIGN LIMITED

FINANCIAL STATEMENTS FOR THE

YEAR ENDED 28 FEBRUARY 1997

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PRODUCT IDENTITY DESIGN LIMITED

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FINANCIAL STATEMENTS FOR THE

YEAR ENDED 28 FEBRUARY 1997

COMPANY INFORMATION

DIRECTORS	:	S O Conran K Whitten S Fellows
SECRETARY	:	S Fellows
REGISTERED OFFICE	:	2 Munden Street London W14 0RH
REGISTERED NUMBER	:	1917610
TRADING ADDRESS	:	2 Munden Street London W14 0RH
AUDITORS	:	Simson Jones 73 Weston Street London Bridge London SE1 3RS
BANKERS	:	Barclays Bank plc 99 Hatton Garden London EC1N 8BN

FINANCIAL STATEMENTS FOR THE

YEAR ENDED 28 FEBRUARY 1997

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 28th February 1997.

PRINCIPAL ACTIVITY, TRADING REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the company is design consultancy.

The result for the year is regarded as encouraging and the directors are optimistic about future results.

There have been no events since the balance sheet date which materially affect the position of the company.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £116,717 (1996 - £59,615).

The directors do not recommend the payment of a dividend.

FIXED ASSETS

Changes in fixed assets are set out on page 9 in the Notes to the Financial Statements. The market value of freehold property is not substantially different from the balance sheet value.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their beneficial interests in the shares of the company throughout the year is set out below:

	Ordinary shares of £1 each
S O Conran	100
K Whitten	-
S Fellows	-

FINANCIAL STATEMENTS FOR THE

YEAR ENDED 28 FEBRUARY 1997

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITY

Company law requires the 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 the financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and proven.
- 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 the 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 insure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have taken advantage of special exemptions applicable to small and medium companies conferred by Part II of Schedule 8 to the Companies Act 1985.

By Order of the Board



S Fellows
Company Secretary

Date: 21 October 1997

FINANCIAL STATEMENTS FOR THE

YEAR ENDED 28 FEBRUARY 1997

AUDITORS' REPORT

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention in accordance with the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, 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.

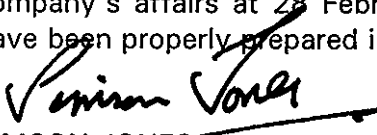
Basis of opinion

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 confirmation that the accounting policies are appropriate to the company's circumstances, and have been 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 irregularity or other 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 the company's affairs at 28 February 1997 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.


SIMSON JONES
Chartered Accountants
Registered Auditors
LONDON

Date: 21 October 1997

FINANCIAL STATEMENTS FOR THE

YEAR ENDED 28 FEBRUARY 1997

PROFIT AND LOSS ACCOUNT

	Note	1997 £	1996 £
TURNOVER(Continuing activities)	2	661,691	564,552
Cost of Sales		(273,849)	(273,137)
GROSS PROFIT		387,842	291,415
Administrative expenses		(244,397)	(235,837)
OPERATING PROFIT	3	143,445	55,578
Other income		17,860	26,114
Interest payable and similar charges	5	(2,495)	(109)
Profit on ordinary activities before taxation		158,810	81,583
Taxation on profit on ordinary activities	6	(42,093)	(21,968)
Profit on ordinary activities after taxation and retained profit	12	<u>116,717</u>	<u>59,615</u>

All of the recognised gains and losses are set out above.
The notes on pages 7 to 11 form part of these financial statements.

FINANCIAL STATEMENTS FOR THE

YEAR ENDED 28 FEBRUARY 1997

BALANCE SHEET AT 28 FEBRUARY 1997

	Note	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible fixed assets	7		564,933		568,771
CURRENT ASSETS					
Debtors	8	111,272		57,025	
Cash at bank and in hand		9,899		59,954	
		<u>121,171</u>		<u>116,979</u>	
CREDITORS					
Amounts falling due within one year	9	(207,720)		(123,132)	
Current Liabilities			<u>(86,549)</u>		<u>(6,153)</u>
Total Assets less Current Liabilities			478,384		562,618
CREDITORS					
Amounts falling due after one year	10		(115,919)		(316,870)
NET ASSETS			<u>362,465</u>		<u>245,748</u>
FINANCED BY:					
SHARE CAPITAL AND RESERVES					
Called up share capital	11		100		100
Profit and loss account	12		362,365		245,648
EQUITY SHAREHOLDERS' FUNDS	13		<u>362,465</u>		<u>245,748</u>

The directors have taken advantage of special exemptions conferred by Part ii of Schedule 8 to the Companies Act 1985 applicable to small companies in the preparation of the accounts and have done so on grounds that, in their opinion, the company is entitled to those exemptions.

The financial statements were approved by the board of directors on 21 October 1997

and signed on their behalf by

S O CONRAN
Director



The notes on pages 7 to 11 form part of these financial statements.

FINANCIAL STATEMENTS FOR THE

YEAR ENDED 28 FEBRUARY 1997

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a) Accounting convention

The financial statements have been prepared under the historical cost convention, in accordance with generally accepted accounting standards.

b) Depreciation

Depreciation is calculated on all tangible fixed assets other than freehold property to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life at the following annual rates:

Motor vehicles	25%
Office equipment	25%
Fixtures and fittings	15%

Depreciation is not provided on freehold property, which does not comply with Statement of Standard Accounting Practice No. 12.

c) Foreign Currencies

Assets and Liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

d) Operating Lease Rentals

Rentals on operating leases are charged to the profit and loss account in the periods in which they fall due.

e) Deferred Taxation

Deferred taxation is provided in respect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

FINANCIAL STATEMENTS FOR THE

YEAR ENDED 28 FEBRUARY 1997

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. TURNOVER

Turnover comprises the value of invoiced sales stated net of Value Added Tax.

The turnover and pre-tax profit is all attributable to the principal activity of the company and is generated in the United Kingdom.

3. OPERATING PROFIT

	1997	1996
	£	£
Operating profit is stated after the following charges:		
Auditors' remuneration	850	850
Directors' emoluments	80,500	62,083
Depreciation on tangible fixed assets	29,462	23,014
Equipment hire	3,839	3,385
	<u> </u>	<u> </u>

4. STAFF COSTS

The total remuneration, including directors, was:

Wages and salaries	240,682	221,405
Social security costs	22,257	21,177
Pension costs	480	480
	<u>263,419</u>	<u>243,062</u>

The average number of persons employed by the company, including directors, during the year was as follows:	No.	No.
	<u>12</u>	<u>11</u>

The highest paid director earned £48,000 (1996 - £ 32,084). One other director was in the range £30,000 - £35,000 (1996 - same) and one other director, who was also the Chairman received no remuneration (1996 - Nil).

5. INTEREST PAYABLE

Bank interest	<u>2,495</u>	<u>109</u>
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FINANCIAL STATEMENTS FOR THE

YEAR ENDED 28 FEBRUARY 1997

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES					
		1997		1996	
		£		£	
Taxation is based on profits for the year as follows:					
UK Corporation Tax @ 24% (1996 - 25%)		<u>42,093</u>		<u>21,968</u>	
7. TANGIBLE FIXED ASSETS					
	Freehold Property	Fixtures & Fittings	Office Equipment	Motor Vehicles	TOTAL
COST					
At 1 March 1996	522,743	12,926	121,025	11,788	668,482
Additions	-	3,490	17,710	6,860	28,060
Disposals	-	-	-	(4,873)	(4,873)
At 28 February 1997	<u>522,743</u>	<u>16,416</u>	<u>138,735</u>	<u>13,775</u>	<u>691,669</u>
DEPRECIATION					
At 1 March 1996	-	11,803	86,669	1,239	99,711
Disposals	-	-	-	(2,437)	(2,437)
Provided during the year	-	2,437	22,658	4,367	29,462
At 28 February 1997	<u>-</u>	<u>14,240</u>	<u>109,327</u>	<u>3,169</u>	<u>126,736</u>
NET BOOK VALUE AT					
28 February 1997	<u>522,743</u>	<u>2,176</u>	<u>29,408</u>	<u>10,606</u>	<u>564,933</u>
29 February 1996	<u>522,743</u>	<u>1,123</u>	<u>34,356</u>	<u>10,549</u>	<u>568,771</u>
8. DEBTORS					
Amounts falling due within one year		1997		1996	
		£		£	
Trade debtors		105,867		54,616	
Prepayments		5,405		2,409	
		<u>111,272</u>		<u>57,025</u>	

FINANCIAL STATEMENTS FOR THE

YEAR ENDED 28 FEBRUARY 1997

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. CREDITORS	1997	1996
Amounts falling due within one year:	£	£
Bank overdraft and loans (secured)	52,681	3,950
Trade creditors	43,925	30,086
Taxation and social security	18,871	12,450
Other creditors	2,810	597
Corporation tax	42,789	21,968
Accruals	43,918	54,081
Director's loan account	2,726	-
	<u>207,720</u>	<u>123,132</u>

The bank overdraft and loans carry interest at 2.5% over bank base rate, part fixed, part variable. They are secured by a fixed and floating charge over the freehold property and other assets of the company and are repayable on terms ranging from on demand to five years. The director's loan account, which is interest free, has no fixed date for repayment.

10. CREDITORS		
Amounts falling due after more than one year:		
Bank loans (note 9)	115,919	-
Director's loan account	-	316,870
	<u>115,919</u>	<u>316,870</u>

11. SHARE CAPITAL	1997		1996	
	No.	£	No.	£
Ordinary shares of £1 each				
Authorised	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Issued, called up and				
fully paid	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

FINANCIAL STATEMENTS FOR THE**YEAR ENDED 28 FEBRUARY 1997****NOTES TO THE FINANCIAL STATEMENTS (Continued)**

12	PROFIT AND LOSS ACCOUNT	1997	1996
		£	£
	Brought forward	245,648	186,033
	Retained profit for year	116,717	59,615
	Carried forward	<u>362,365</u>	<u>245,648</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Opening shareholders' funds	245,748	186,133
Retained profit for year	116,717	59,615
Closing shareholders' funds	<u>362,465</u>	<u>245,748</u>