

BATMARK LIMITED

**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1996**  
Registered no. 2967280



## BATMark Limited

### Report of the directors for the year ended 31 December 1996

The directors present their report and the audited financial statements for the year ended 31 December 1996.

#### Principal activities

The company operates to co-ordinate, manage and administer the trademarks owned by B.A.T. Industries p.l.c.

#### Review of business and future developments

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

#### Dividends

The directors do not recommend the payment of a dividend.

#### Directors

U G V Herter	(Chairman)
P C Godby	
S P Chalfen	(Resigned 01/01/96)
K S Dunt	(Appointed 01/01/96)
D G Stevens	(Appointed 01/01/96)

#### Directors' interests in the shares of the company

The interests of those persons, who were Directors at 31 December 1996, in the share capital and share option schemes of B.A.T. Industries p.l.c. and its subsidiaries are shown in the table below, with the exception of Mr. U G V Herter, whose interests are disclosed in the Directors' Report of B.A.T. Industries p.l.c. and Mr. K S Dunt and Mr. D G Stevens whose interests are disclosed in the Directors' Report of British American Tobacco (Holdings) Ltd. Interests disclosed are those which existed on 31 December 1996, (or date of appointment where appropriate) and together with interests acquired or exercised in the said share option schemes during that period.

#### B.A.T Industries p.l.c.

	<u>Ordinary 25p Shares</u>		<u>Opening</u>	<u>Share Options</u>		<u>Closing</u>
	<u>Opening</u>	<u>Closing</u>		<u>Acquired</u>	<u>Exercised</u>	
P C Godby	3,675	4,424	12,630	9,480	Nil	22,110

Details of the share option schemes are included in the Report and Accounts of B.A.T Industries p.l.c.

**BATMark Limited****Report of the directors  
for the year ended 31 December 1996****Directors' responsibilities**

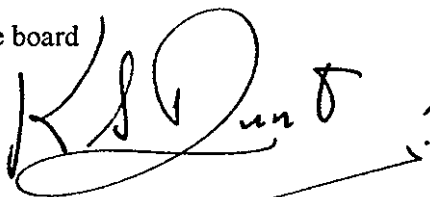
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select appropriate accounting policies and then apply them consistently, subject to any material departures being disclosed and explained;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless they consider that to be inappropriate.

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 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.

By order of the board

K S Dunt  
Director:

A handwritten signature in dark ink, appearing to read 'K S Dunt', with a long horizontal flourish extending to the right.

Dated:

28 MAR 1997

**BATMark Ltd****Auditors' Report to the Shareholders of BATMark Limited**

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and 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 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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

26 MAR 1997

Price Waterhouse  
Chartered Accountants  
and Registered Auditors  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY.

**BATMark Limited**
**Profit and loss account  
for the year ended 31 December 1996**

	<u>Notes</u>	<u>1996</u> <u>£000</u>	<u>7 months</u> <u>ended</u> <u>31/12/95</u> <u>£000</u>
Operating income	2	6,923	4,195
Operating charges	3	6,923	4,195
		-----	-----
<b>Profit on ordinary activities before taxation - continuing operations</b>		-	-
 Tax on profit on ordinary activities	 5	 2	 1
		-----	-----
<b>Retained loss for the year</b>		<b>(2)</b>	<b>(1)</b>
		=====	=====
<b>Statement of retained losses</b>			
 Retained losses brought forward		 (1)	 -
Retained loss for the year		(2)	(1)
		-----	-----
<b>Retained losses at 31 December</b>		<b>(3)</b>	<b>(1)</b>
		=====	=====

There were no recognised gains and losses other than the loss for the financial year.

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

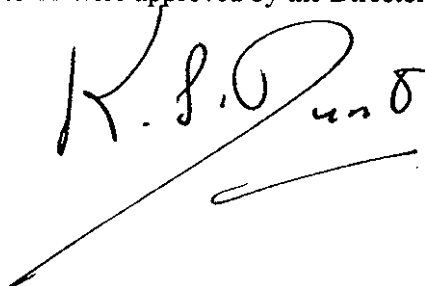
## Balance Sheet - 31 December 1996

	<u>Notes</u>	<u>1996</u> <u>£000</u>	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
<b>Current assets</b>				
Debtors	6	269		-
<b>Creditors: amounts falling due within one year</b>	7	(272)		(1)
		<u>          </u>		<u>          </u>
<b>Net current liabilities</b>			(3)	(1)
			<u>          </u>	<u>          </u>
<b>Total assets less current liabilities</b>			(3)	(1)
			<u>          </u>	<u>          </u>
<b>Capital and reserves</b>				
Called up share capital	8		-	-
Profit and loss account			(3)	(1)
			<u>          </u>	<u>          </u>
<b>Total shareholders' funds - equity interests</b>	9		(3)	(1)
			<u>          </u>	<u>          </u>

The financial statements on pages 5 to 11 were approved by the Directors on and are signed on their behalf by:

26 MAR 1997

K S Dunt  
Director:



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

**BATMark Limited****Notes to the financial statements  
for the year ended 31 December 1996****1 Accounting policies**

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and preceding year, is set out below. A cash flow statement is not submitted, as the Company, being a wholly owned subsidiary undertaking of a parent undertaking established under UK law, includes cash flow information in the financial statements of the parent undertaking.

**1.1 Basis of accounting**

The financial statements are prepared in accordance with Accounting Standards applicable in the United Kingdom and under the historical cost convention.

**1.2 Translation of assets and liabilities**

Turnover and profits expressed in currencies other than sterling are translated to sterling at average rates of exchange. Assets and liabilities denominated in foreign currency are translated at rates of exchange ruling at the end of the financial year. Exchange differences are reflected in trading profit.

**1.3 Taxation**

Taxation provided is that chargeable on the profits of the period together with any deferred taxation, to the extent that it is probable that a liability will crystallise. Deferred taxation is provided on timing differences arising on items of income and expenditure which are recognised for tax purposes in different periods from those in which they are recognised in the profit and loss account.

**1.4 Accounting for income**

Income is accounted for on a receivable basis. Provision is made where delays are anticipated in the receipt of monies from overseas.

**1.5 Pension costs**

These are charged against profits on a systematic basis with surpluses and deficits arising allocated over the expected remaining service lives of current employees.

**BATMark Limited**
**Notes to the financial statements  
for the year ended 31 December 1996**
**2 Operating income**

	<u>1996</u> <u>£000</u>	<u>7 months</u> <u>ended</u> <u>31/12/95</u> <u>£000</u>
Recoveries from companies within the BAT Industries group	<u>6,923</u>	<u>4,195</u>

**3 Operating charges**

	<u>1996</u> <u>£000</u>	<u>7 months</u> <u>ended</u> <u>31/12/95</u> <u>£000</u>
Staff costs	2,047	962
Consultancy	859	929
Patent and trademark costs	1,349	934
Other operating charges	2,668	1,370
	<u>6,923</u>	<u>4,195</u>
<b>Staff costs include:</b>		
Wages and salaries	1,818	822
Social security costs	141	81
Other pension costs	88	59
	<u>2,047</u>	<u>962</u>

Audit fees are paid by the parent undertaking.

The average monthly number of persons employed by the company during the year was:

	<u>1996</u>	<u>7 months</u> <u>ended</u> <u>31/12/95</u>
Staff	<u>58</u>	<u>51</u>
	<u>58</u>	<u>51</u>



**BATMark Limited**
**Notes to the financial statements  
for the year ended 31 December 1996**
**4 Directors' emoluments**

The emoluments of four directors of BATMark Limited are disclosed in the financial statements of British American Tobacco (Holdings) Limited, including those of the chairman. The emoluments of the remaining one director are disclosed below.

	<u>1996</u>	<u>7 months ended 31/12/95</u>
	<u>£</u>	<u>£</u>
Salary and other emoluments	85,700	Nil
Annual performance related bonuses	21,437	Nil
Benefits in kind	8,345	Nil
Pension contributions	8,971	Nil
	-----	-----
Directors' emoluments as managers	124,453	Nil
	=====	=====

The emoluments, excluding pension contributions, of the highest paid UK director were £115,482 (7 months ended 31/12/95 - Nil)

	<u>1996</u>	<u>7 months ended 31/12/95</u>
	<u>Number</u>	<u>Number</u>
Other UK directors		
115,001 - 120,000	1	-

**5 Taxation**

	<u>1996</u>	<u>7 months ended 31/12/95</u>
	<u>£000</u>	<u>£000</u>
United Kingdom corporation tax at 33.00% (1995 : 33.00%)	2	1
	=====	=====

**6 Debtors**

	<u>1996</u>	<u>1995</u>
	<u>£000</u>	<u>£000</u>
Amounts falling due within one year		
Amounts owed by fellow group undertaking	269	-
	-----	-----
	269	-
	=====	=====

**BATMark Limited****Notes to the financial statements  
for the year ended 31 December 1996****7 Creditors: amounts falling due within one year**

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Taxation	<u>2</u>	<u>1</u>

**8 Share capital****Ordinary Shares of £1 each**

	<u>1996</u>	<u>1995</u>
Authorised - value	<u>£ 100</u>	<u>£ 100</u>
number	<u>100</u>	<u>100</u>
Allotted, called up and fully paid value	<u>£ 2</u>	<u>£ 2</u>
number	<u>2</u>	<u>2</u>

**9 Reconciliation of movements in shareholders' funds**

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Opening shareholders' funds	(1)	-
Loss attributable to shareholders for the year	(2)	(1)
Closing shareholders' funds	<u>(3)</u>	<u>(1)</u>

**10 Pension fund**

The Company has pension commitments to a funded defined benefit scheme which is invested externally. The appropriate contributions are paid over to trustees of the pension scheme.

The scheme to which the Company contributes is a group pension scheme. The particulars of the actuarial valuation of the scheme are disclosed in the financial statements of B.A.T Industries p.l.c.

**11 Parent undertaking**

The company's ultimate parent undertaking is B.A.T Industries p.l.c, being incorporated in the United Kingdom and registered in England and Wales. Group accounts are prepared by B.A.T Industries p.l.c.

**12 Copies of the report and accounts**

Copies of the report and accounts of B.A.T Industries p.l.c. may be obtained from:

The Company Secretary  
Windsor House  
50, Victoria Street  
London SW1H 0NL