

LION, LION & SON, LIMITED

FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH SEPTEMBER 1998

Lever Bros. & Co.
CHARTERED ACCOUNTANTS

Company Number:00083494



LION, LION & SON, LIMITED
REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30TH SEPTEMBER 1998

The directors' present their annual report with the accounts of the company for the year ended 30th September 1998.

RESULTS AND DIVIDENDS

The retained profit of the company for the year was £1,581, (Last Year £2,502). We do not recommend the payment of a dividend.

REVIEW OF BUSINESS

The directors consider the results for the year and the current trading outlook to be satisfactory.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was to act as wholesalers of instruments related to the aviation industry. There were no significant changes during the year.

DIRECTORS

The directors in office in the year and their beneficial interests in the company's issued ordinary share capital were as follows:

	Ordinary Shares of £1 each	
	THIS YEAR	LAST YEAR
R.E. Osborne	437	437
T.J. Osborne	386	386

FIXED ASSETS

Changes in the fixed assets of the company are contained in the notes to the accounts.


YEAR 2000 COMPLIANCE

The directors consider that they have taken appropriate steps to ensure that the company's own systems as well as those of their suppliers and customers are year 2000 compliant. Based on the work undertaken the directors believe that the company's operations will not be adversely affected. The overall expected cost to the company has not been quantified but it is not expected to be significant.

AUDITORS

Messrs. Lever Bros. & Co., have indicated their willingness to continue in office and a resolution will be proposed at the Annual General Meeting to re-appoint them as auditors for the ensuing year.

Signed on behalf of the
board of directors by



R. E. Osborne
Secretary

28th June 1999.


LION, LION & SON, LIMITEDSTATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required under company law 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 judgments and estimates that are reasonable and prudent;
- 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 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.

28th June 1999.



By Order of the Board

AUDITORS' REPORT TO THE SHAREHOLDERS
OF LION, LION & SON, LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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 judgments 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 the company's affairs as at 30th September 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Lever Bros.

Lever Bros. & Co.
Registered Auditors
Chartered Accountants
Lever House
138-140 Southwark Street
London
SE1 0SW

2nd July 1999

LION, LION & SON, LIMITEDPROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER 1998

	<u>Notes</u>	<u>THIS YEAR</u>	<u>LAST YEAR</u>
		£	£
TURNOVER	2	2,090,028	1,853,577
Cost of Sales		1,468,783	1,312,015
		-----	-----
<u>GROSS PROFIT</u>		621,245	541,562
Net Operating Expenses:			
Administrative Expenses	631,002		550,352
Other Operating Income	(9,000)		(9,000)
Profit on Sale of Fixed Assets	(1,529)		-
		-----	-----
		620,473	541,352
		-----	-----
<u>OPERATING PROFIT</u>	3	772	210
Interest Receivable & Similar Income	4	8,994	4,586
		-----	-----
		9,766	4,796
Interest Payable and Similar Charges	5	6,695	786
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES</u>			
<u>BEFORE TAXATION</u>		3,071	4,010
Tax on Ordinary Activities	6	(1,490)	(1,508)
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES</u>			
<u>AFTER TAXATION</u>		£ 1,581	£ 2,502
		=====	=====
<u>STATEMENT OF RETAINED EARNINGS</u>			
Retained Profit Brought Forward		399,942	397,440
Retained Profit for the Year		1,581	2,502
		-----	-----
RETAINED PROFIT CARRIED FORWARD		£ 401,523	£ 399,942
		=====	=====

None of the company's activities were acquired or discontinued during the above two financial years.

STATEMENT OF RECOGNISED GAINS AND LOSSES

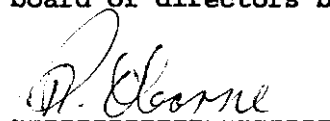
There were no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 6 to 13 form part of these accounts.

LION, LION & SON, LIMITEDBALANCE SHEET
AS AT 30TH SEPTEMBER 1998

	<u>Notes</u>	<u>THIS YEAR</u>	<u>LAST YEAR</u>
		£	£
FIXED ASSETS			
Tangible Assets	9	75,850	25,189
Investments	10	156,849	154,613
		-----	-----
		232,699	179,802
CURRENT ASSETS			
Stock and Work in Progress	11	61,397	89,384
Debtors	12	306,245	285,335
Cash at Bank and in Hand		185,918	137,668
		-----	-----
		553,560	512,387
CREDITORS : amounts falling due within one year	13	305,397	254,949
		-----	-----
NET CURRENT ASSETS		248,163	257,438
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		480,862	437,240
CREDITORS : amounts falling due after more than one year			
	14	47,895	5,854
		-----	-----
		£ 432,967	£ 431,386
		=====	=====
CAPITAL AND RESERVES			
Share Capital	15	2,940	2,940
Other Reserves	16	28,504	28,504
Profit and Loss Account	16	401,523	399,942
		-----	-----
Equity Shareholders' Funds	17	£ 432,967	£ 431,386
		=====	=====

Signed on behalf of the
board of directors by



R.E. Osborne
Director

Approved by the board: 28th June 1999.

The notes on pages 6 to 13 form part of these accounts.

LION, LION & SON, LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 19981. ACCOUNTING POLICIESBasis of Accounting

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

Turnover

Turnover represents the net invoiced sales of goods, excluding VAT.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful economic life:

Motor Vehicles	25% Reducing Balance
Plant and Equipment	10% Reducing Balance
Fixtures and Fittings	20% Straight Line

Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred Taxation

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

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised at the estimated fair value at date of inception of each lease or contract. The assets are depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

The turnover and profit before taxation for the year is attributable to the principal activity of the Company which was to act as wholesalers of instruments related to the aviation industry.

3. OPERATING PROFIT

The Operating Profit (LAST YEAR - Profit) is stated after charging:

	<u>THIS YEAR</u>	<u>LAST YEAR</u>
	£	£
Depreciation of Tangible Fixed Assets	18,250	8,037
Staff Costs - note 7	465,746	399,236
Hire of Equipment	3,180	5,111
Auditors Remuneration	4,750	5,620
	=====	=====

LION, LION & SON, LIMITED

NOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1998

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>THIS YEAR</u>	<u>LAST YEAR</u>
	£	£
Bank Interest Received	6,202	1,693
Dividend Received	2,792	2,893
	-----	-----
	8,994	4,586
	=====	=====

5. INTEREST PAYABLE

	<u>THIS YEAR</u>	<u>LAST YEAR</u>
	£	£
Interest on Hire Purchase and Finance Lease Charges	6,695	786
	-----	-----
	6,695	786
	=====	=====

6. TAXATION

The tax charge on the profit on ordinary activities was as follows:

	<u>THIS YEAR</u>	<u>LAST YEAR</u>
	£	£
Corporation Tax	1,800	1,415
Tax Attributable to Investment Income	556	574
Under/(Over) provision in previous years	(866)	(481)
	-----	-----
	1,490	1,508
	=====	=====

Corporation tax has been charged on the profit at 21% (Last year: 22.5%).

LION, LION & SON, LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 19987. STAFF COSTS

The costs incurred, including directors remuneration (note 8), were as follows:

	<u>THIS YEAR</u>	<u>LAST YEAR</u>
	£	£
Salaries and Wages	368,688	320,254
Social Security Costs	38,093	33,111
Staff Pension Costs	7,720	7,370
Directors Pension Costs	51,245	38,501
	<u>465,746</u>	<u>399,236</u>
	=====	=====

Directors pension contributions were made into money purchase schemes in respect of two directors of the company.

The average number of employees during the year was as follows:

	8	8
	=====	=====

By Category

Directors	2	2
Sales	4	4
Warehouse	2	2
	=====	=====

8. DIRECTORS' REMUNERATION

	<u>THIS YEAR</u>	<u>LAST YEAR</u>
	£	£
Staff Costs include Directors' Emoluments.		
Directors' Remuneration excludes Pension Contributions.		
Directors' Remuneration	212,500	165,000
	=====	=====

LION, LION & SON, LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 19989. TANGIBLE FIXED ASSETS

	<u>Motor Vehicles</u>	<u>Plant & Equipment</u>	<u>Fixtures & Fittings</u>	<u>TOTAL</u>
COST	£	£	£	£
At 1st October 1997	52,096	4,174	2,129	58,399
Additions in year	71,635	-	5,147	76,782
Disposals in year	(27,990)	-	-	(27,990)
	-----	-----	-----	-----
At 30th September 1998	95,741	4,174	7,276	107,191
	=====	=====	=====	=====
DEPRECIATION				
At 1st October 1997	28,524	2,557	2,129	33,210
Write Off On Disposal	(20,119)	-	-	(20,119)
Charge for year	17,349	162	739	18,250
	-----	-----	-----	-----
At 30th September 1998	25,754	2,719	2,868	31,341
	=====	=====	=====	=====
NET BOOK VALUE				
At 30th September 1998	69,987	1,455	4,408	75,850
	=====	=====	=====	=====
At 30th September 1997	23,572	1,617	-	25,189
	=====	=====	=====	=====

The above analysis includes the following in respect of assets held under finance leases and hire purchase contracts:

Net Book Value:	
30th September 1998	67,900
30th September 1997	12,929

Depreciation:	
Charge for THIS YEAR	16,664
Charge for LAST YEAR	4,310

LION, LION & SON, LIMITED

NOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1998

10. FIXED ASSETS INVESTMENTS

<u>COST</u>	<u>Listed Companies</u> £	<u>Investment Trusts</u> £	<u>Total</u> £
At 1st October 1997	102,843	51,770	154,613
Additions in the year	1,681	555	2,236
Disposals in the year	-	-	-
	-----	-----	-----
At 30th September 1998	104,524	52,325	156,849
	=====	=====	=====
<u>NET BOOK VALUE</u>			
At 30th September 1998	104,524	52,325	156,849
	=====	=====	=====
At 30th September 1997	102,843	51,770	154,613
	=====	=====	=====

The Market values of the above investments as at 30th September 1998 are as follows:

	<u>THIS YEAR</u> £	<u>LAST YEAR</u> £
Listed shares	138,114	139,522
Unit trusts	62,326	70,310
	-----	-----
	200,440	209,832
	=====	=====

All the listed shares are listed on the London Stock Exchange.

11. STOCKS

	<u>THIS YEAR</u> £	<u>LAST YEAR</u> £
Goods for Resale	61,397	89,384
	=====	=====

12. DEBTORS

	<u>THIS YEAR</u> £	<u>LAST YEAR</u> £
Amounts due within one year:		
Trade Debtors	274,988	255,731
Other Debtors	22,487	21,791
Prepayments	8,770	7,813
	-----	-----
	306,245	285,335
	=====	=====

LION, LION & SON, LIMITED

NOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1998

13. CREDITORS

Amounts falling due within one year:	<u>THIS YEAR</u> £	<u>LAST YEAR</u> £
Bank overdraft	42,947	5,403
Trade Creditors	183,345	195,872
Taxation	1,800	1,415
Social Security & Other Government Taxes	41,890	28,030
Accruals	8,365	10,333
Other Creditors	1,366	9,224
Director's Loan Account	16,800	-
Hire Purchase Creditor	8,884	4,672
	-----	-----
	305,397	254,949
	=====	=====

14. CREDITORS

Amounts falling due after more than one year:	<u>THIS YEAR</u> £	<u>LAST YEAR</u> £
Hire Purchase Creditor	47,895	5,854
	-----	-----
	47,895	5,854
	=====	=====

Obligations under Finance Leases and Hire Purchase Contracts

Obligations under Finance Leases and Hire Purchase Contracts are repayable over varying periods by monthly instalments as follows:

In the next year	8,884	4,672
	=====	=====
In the second to fifth year	47,895	5,854
	=====	=====

15. SHARE CAPITAL

	<u>THIS YEAR</u> £	<u>LAST YEAR</u> £
Authorised		
5,000 Ordinary Shares at £ 1 each	5,000	5,000
	=====	=====
Allotted, Issued and Fully Paid		
2,940 Ordinary Shares at £ 1 each	2,940	2,940
	=====	=====

LION, LION & SON, LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 199816. RESERVES

	<u>Capital Reserve</u> £	<u>Profit & Loss A/c</u> £
At 1st October 1997	28,504	399,942
Retained Profit for the year	-	1,581
	-----	-----
At 30th September 1998	28,504	401,523
	=====	=====

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>THIS YEAR</u> £	<u>LAST YEAR</u> £
PROFIT FOR THE FINANCIAL YEAR	1,581	2,502
	-----	-----
Net addition to shareholders' funds	1,581	2,502
Opening Shareholders' Funds	431,386	428,884
	-----	-----
Closing Shareholders' Funds	432,967	431,386
	=====	=====

18. TRANSACTIONS WITH DIRECTORS

Included in other debtors is a loan to a director.

	<u>Liability at the start of the year</u> £	<u>Maximum Liability during the year</u> £	<u>Liability at the end of the year</u> £
R.E. Osborne	13,839	24,886	11,087
	=====	=====	=====

No interest is payable on the loan outstanding.

19. RELATED PARTY TRANSACTIONS

During the year, the company conducted trade on normal commercial terms with the following company in which the directors have a financial interest:

<u>Name of the Company</u>	<u>Nature of the transactions</u>	
	<u>Purchases</u> £	<u>Management Charges Received</u> £
O.R.T. Forwarding Limited	77,976	9,000

The amount owed to the above company at the balance sheet date : £12,672.

LION, LION & SON, LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1998RELATED PARTY TRANSACTIONS (CONT)

During last year, the company conducted trade on normal commercial terms with the following company in which the directors have a financial interest:

<u>Name of the Company</u>	<u>Nature of the transactions</u>	
	<u>Purchases</u>	<u>Management Charges</u>
	<u>£</u>	<u>Received</u>
		<u>£</u>
O.R.T. Forwarding Limited	75,121	9,000

The amount owed to the above company at the balance sheet date : £27,995.

20. CONTROL

There was no controlling party of the company during the year.

21. FINANCIAL COMMITMENTS**Operating Leases**

At 30th September 1998 the company had annual commitments under non-cancellable operating leases as set out below :-

	<u>THIS YEAR</u>		<u>LAST YEAR</u>	
	<u>Land and</u>	<u>Other</u>	<u>Land and</u>	<u>Other</u>
	<u>Buildings</u>		<u>Buildings</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Operating Leases that expire:				
within one year	-	-	-	-
in the second to fifth years	22,360	-	22,360	-
over five years	-	-	-	-
	-----	-----	-----	-----
	22,360	-	22,360	-
	=====	=====	=====	=====