

LION, LION & SON, LIMITED
FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH SEPTEMBER 1997

Lever Bros. & Co.
CHARTERED ACCOUNTANTS

Company Number:00083494



LION, LION & SON, LIMITED
REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30TH SEPTEMBER 1997

The directors' present their annual report with the accounts of the company for the year ended 30th September 1997.

RESULTS AND DIVIDENDS

The retained profit of the company for the year was £2,502, (Last Year £(1,203)). 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.

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

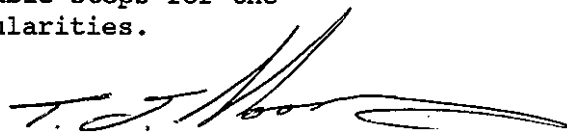
26th May 1998

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.



By Order of the Board

26th May 1998

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

We have audited the financial statements on pages 4 to 11 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.

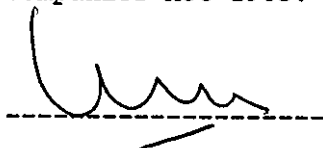
BASIS OF OPINION

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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

15th June 1998

LION, LION & SON, LIMITEDPROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER 1997

	<u>Notes</u>	<u>THIS YEAR</u>	<u>LAST YEAR</u>
		£	£
TURNOVER	2	1,853,577	1,769,907
Cost of Sales		1,312,015	1,265,674
		-----	-----
<u>GROSS PROFIT</u>		541,562	504,233
Net Operating Expenses:			
Administrative Expenses	497,532	472,013	
Distribution Costs	52,820	48,672	
Other Operating Income	(9,000)	(9,000)	
Loss on Sale of Fixed Assets	-	150	
		-----	-----
		541,352	511,835
		-----	-----
<u>OPERATING PROFIT/(LOSS)</u>	3	210	(7,602)
Interest Receivable & Similar Income	4	4,586	4,712
		-----	-----
		4,796	(2,890)
Interest Payable and Similar Charges	4	786	-
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES</u>			
<u>BEFORE TAXATION</u>		4,010	(2,890)
Tax on Ordinary Activities	5	(1,508)	1,687
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES</u>			
<u>AFTER TAXATION</u>		£ 2,502	£ (1,203)
		=====	=====
<u>STATEMENT OF RETAINED EARNINGS</u>			
Retained Profit Brought Forward		397,440	398,643
Retained Profit/(Loss) for the Year		2,502	(1,203)
		-----	-----
RETAINED PROFIT CARRIED FORWARD		£ 399,942	£ 397,440
		=====	=====

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 11 form part of these accounts.

LION, LION & SON, LIMITEDBALANCE SHEET
AS AT 30TH SEPTEMBER 1997

	<u>Notes</u>	<u>THIS YEAR</u>	<u>LAST YEAR</u>
		£	£
FIXED ASSETS			
Tangible Assets	8	25,189	33,226
Investments	9	154,613	152,294
		-----	-----
		179,802	185,520
CURRENT ASSETS			
Stock and Work in Progress	10	89,384	138,563
Debtors	11	285,335	305,632
Cash at Bank and in Hand		137,668	64,381
		-----	-----
		512,387	508,576
CREDITORS : amounts falling due within one year	12	254,949	254,642
		-----	-----
NET CURRENT ASSETS		257,438	253,934
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		437,240	439,454
CREDITORS : amounts falling due after more than one year	13	5,854	10,570
		-----	-----
		£ 431,386	£ 428,884
		=====	=====
CAPITAL AND RESERVES			
Share Capital	14	2,940	2,940
Other Reserves	15	28,504	28,504
Profit and Loss Account	15	399,942	397,440
		-----	-----
Shareholders Funds (All Equity Interest)	16	£ 431,386	£ 428,884
		=====	=====

Signed on behalf of the
board of directors by



R.E. Osborne
Director

Approved by the board: 26th May 1998

The notes on pages 6 to 11 form part of these accounts.

LION, LION & SON, LIMITED

NOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1997

1. 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 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/(LOSS)

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

	<u>THIS YEAR</u>	<u>LAST YEAR</u>
	£	£
Depreciation of Tangible Fixed Assets	8,037	5,240
Staff Costs - note 6	399,236	364,644
Hire of Equipment	5,111	4,944
Auditors Remuneration	5,620	7,350
	=====	=====

LION, LION & SON, LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 19974. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>THIS YEAR</u>	<u>LAST YEAR</u>
	£	£
Bank Interest Received	1,693	1,849
Franked Investment Income	2,893	2,863
	-----	-----
	4,586	4,712
	=====	=====

INTEREST PAYABLE

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

5. TAXATION

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

	<u>THIS YEAR</u>	<u>LAST YEAR</u>
	£	£
Corporation Tax	1,415	(2,100)
Tax Attributable to Franked Investment Income	574	570
Under/(Over) provision in previous years	(481)	(157)
	-----	-----
	1,508	(1,687)
	=====	=====

Corporation tax has been charged on the profit at 22.5%. Last year the corporation tax refund was calculated on the taxable loss at 24%.

6. STAFF COSTS

The costs incurred, including directors remuneration (note 7), were as follows:

	<u>THIS YEAR</u>	<u>LAST YEAR</u>
	£	£
Salaries and Wages	320,254	304,596
Social Security Costs	33,111	30,456
Staff Pension Costs	7,370	5,406
Directors Pension Costs	38,501	24,186
	-----	-----
	399,236	364,644
	=====	=====

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

8	9
=====	=====

By Category

Directors	2	2
Sales	4	4
Warehouse	2	3
	=====	=====

Contributions were made into money purchase schemes in respect of two directors of the company.

LION, LION & SON, LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1997**7. DIRECTORS' REMUNERATION**

	<u>THIS YEAR</u>	<u>LAST YEAR</u>
	£	£
Staff Costs include Directors' Emoluments.		
Directors' Remuneration excludes Pension Contributions.		
Directors' Remuneration	165,000	161,500
	=====	=====
Highest Paid Director	83,000	82,250
	=====	=====

The number of directors who received emoluments in the following ranges were:

£75,001 - £80,000	-	1
£80,001 - £85,000	1	-
	=====	=====

8. TANGIBLE FIXED ASSETS

	<u>Motor Vehicles</u>	<u>Plant & Equipment</u>	<u>Fixtures & Fittings</u>	<u>TOTAL</u>
	£	£	£	£
COST				
At 1st October 1996	52,096	4,174	2,129	58,399
Additions in year	-	-	-	-
Disposals in year	-	-	-	-
	-----	-----	-----	-----
At 30th September 1997	52,096	4,174	2,129	58,399
	=====	=====	=====	=====
DEPRECIATION				
At 1st October 1996	20,667	2,377	2,129	25,173
Write Off On Disposal	-	-	-	-
Charge for year	7,857	180	-	8,037
	-----	-----	-----	-----
At 30th September 1997	28,524	2,557	2,129	33,210
	=====	=====	=====	=====
NET BOOK VALUE				
At 30th September 1997	23,572	1,617	-	25,189
	=====	=====	=====	=====
At 30th September 1996	31,429	1,797	-	33,226
	=====	=====	=====	=====

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

Net Book Value:	
30th September 1997	12,929
30th September 1996	17,239

Depreciation:	
Charge for THIS YEAR	4,310
Charge for LAST YEAR	367

LION, LION & SON, LIMITED

NOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1997

9. FIXED ASSETS INVESTMENTS

<u>COST</u>	<u>Shares in</u> <u>Listed Companies</u> £	<u>Trusts</u> £	<u>Total</u> £
At 1st October 1996	101,367	50,927	152,294
Additions in the year	1,476	843	2,319
Disposals in the year	-	-	-
	-----	-----	-----
At 30th September 1997	102,843	51,770	154,613
	=====	=====	=====
<u>NET BOOK VALUE</u>			
At 30th September 1997	102,843	51,770	154,613
	=====	=====	=====
At 30th September 1996	101,367	50,927	152,294
	=====	=====	=====

The market value of the above investments as at 30th September 1997 are as follows:

Listed shares	139,522
Unit trusts	70,310

	209,832
	=====

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

10. STOCKS

	<u>THIS YEAR</u> £	<u>LAST YEAR</u> £
Goods for Resale	89,384	138,563
	=====	=====

11. DEBTORS

	<u>THIS YEAR</u> £	<u>LAST YEAR</u> £
Amounts due within one year:		
Trade Debtors	255,731	261,127
Other Debtors	21,791	36,529
Prepayments	7,813	7,976
	-----	-----
	285,335	305,632
	=====	=====

LION, LION & SON, LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1997**12. CREDITORS**

Amounts falling due within one year:	<u>THIS YEAR</u>	<u>LAST YEAR</u>
	£	£
Bank overdraft	5,403	-
Trade Creditors	195,872	201,081
Taxation	1,415	-
Social Security & Other Government Taxes	28,030	22,256
Accruals	10,333	27,678
Other Creditors	9,224	-
Hire Purchase Creditor	4,672	3,627
	-----	-----
	254,949	254,642
	=====	=====

13. CREDITORS

Amounts falling due after more than one year:	<u>THIS YEAR</u>	<u>LAST YEAR</u>
	£	£
Hire Purchase Creditor	5,854	10,570
	-----	-----
	5,854	10,570
	=====	=====

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	4,672	3,627
In two to five years	5,854	10,570
In over five years	-	-
	=====	=====

14. 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
	=====	=====

15. RESERVES

	<u>Capital Reserves</u>	<u>Profit Loss A/c</u>
	£	£
At 1st October 1996	28,504	397,440
Retained Profit for the year	-----	2,502
At 30th September 1997	28,504	399,942
	=====	=====

LION, LION & SON, LIMITED

NOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1997

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>THIS YEAR</u>	<u>LAST YEAR</u>
	£	£
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	2,502	(1,203)
	-----	-----
Net addition/(reduction) to shareholders' funds	2,502	(1,203)
Opening Shareholders' Funds	428,884	430,087
	-----	-----
Closing Shareholders' Funds	431,386	428,884
	=====	=====

17. FINANCIAL COMMITMENTSOperating Leases

At 30th September 1997 the company had annual commitments under non-cancellable operating leases as set out below :-

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

18. TRANSACTIONS WITH DIRECTORS

Included in other debtors is a loan to a director.

	Liability at the start of the year	Maximum Liability during the year	Liability at the end of the year
	£	£	£
R.E. Osborne	19,764	22,338	13,839
	=====	=====	=====

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>	
	Purchases	Management Charges Received
	£	£
O.R.T. Forwarding Limited	75,121	9,000

20. CONTROL

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