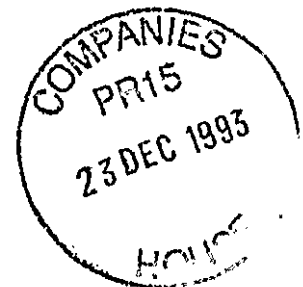


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LYON SERVICES LIMITED

REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 1993



LITTLEJOHN FRAZER
CHARTERED ACCOUNTANTS

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Directors

Sir Michael Connell
N R Bomford
M T N Liddiard

Company Secretary

M T N Liddiard

Registered Office

5 High Street
Harrow-on-the-Hill
Middlesex
HA1 3HP

Bankers

National Westminster Bank plc
Harrow-on-the-Hill
Middlesex
HA1 3LR

Auditors

Littlejohn Frazer
Chartered Accountants
and Registered Auditors
1 Park Place
Canary Wharf
London E14 4HJ

Solicitors

Lee & Pembertons
45 Pont Street
London
SW1X 0BX

The Directors have pleasure in presenting their Report together with the Accounts for the year ended 31 March 1993.

Activities

The principal activity of the Company is the letting of school premises, facilities and equipment. The principal and other activities of the Company are not expected to change in the foreseeable future. The division of turnover in respect of all activities is set out in Note 1 to the Accounts.

Results and Dividends

The trading results of the Company are given on page 6 of the Accounts. The Directors do not recommend the payment of a dividend.

Review of the Business

Profit before taxation for the year showed a 38.83% decrease from £213,742 to £130,744. Income from summer lettings and the letting from school facilities was lower due to the recession. Harrow School Tours made a positive contribution although net income from Harrow School Bookshop and The Hill Club declined.

Fixed Assets

Details of the fixed assets are given in Note 8 to the Accounts.

Directors and their Interests in Shares

The Directors during the year were as follows:

Sir Michael Connell
N R Bomford
M T N Liddiard

None of the Directors had an interest in the share capital of the Company at 31 March 1993 or at 31 March 1992.

Political and Charitable Contributions

During the year the Company made contributions of £277 to charitable organisations in addition to the amount paid to The Keepers and Governors of the Free Grammar School of John Lyon under Deed of Covenant (see Note 6 to the Accounts). The Company made no contributions to political organisations.

Auditors

A resolution proposing the reappointment of Littlejohn Frazer as the Company's auditors will be put to the Annual General Meeting.

By Order of the Board

M. F. M. Liddiard

Secretary

27 November 1993

To the Shareholders of Lyon Services Limited

We have audited the Accounts on pages 6 to 14 which have been prepared under the accounting policies set out on page 9.

Respective Responsibilities of Directors and Auditors

Under Company Law the Company's Directors are responsible for the preparation of accounts that give a true and fair view of the state of affairs of the Company at the end of the financial year and of its profit or loss for the financial year. It is our responsibility to form an independent opinion, based on our audit of those accounts and report our opinion to you.

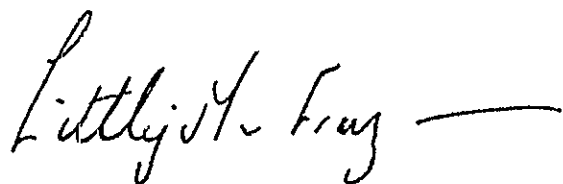
Basis of Opinion

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 Accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Accounts 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 Accounts 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 Accounts.

Opinion

In our opinion the Accounts give a true and fair view of the state of the Company's affairs as at 31 March 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Littlejohn Frazer

Chartered Accountants
and Registered Auditors

1 Park Place
Canary Wharf
London E14 4HJ

27 November 1993

LYON SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1993

	Note	1993	1992
Turnover	1	754,949	760,722
Cost of Sales		506,832	459,926
		<hr/>	<hr/>
Gross Profit		248,117	300,796
Administrative Expenses		127,317	103,571
		<hr/>	<hr/>
		120,800	197,225
Other Operating Income		8,175	8,174
		<hr/>	<hr/>
Operating Profit	2	128,975	205,399
Interest Receivable	4	8,723	11,803
Interest Payable on Loans Repayable within 5 years and Bank Overdraft	5	(6,954)	(3,460)
		<hr/>	<hr/>
		130,744	213,742
Payment under Deed of Covenant	6	130,000	215,000
		<hr/>	<hr/>
Profit/(Loss) on Ordinary Activities before Taxation		744	(1,258)
Tax on Profit on Ordinary Activities	7	230	362
		<hr/>	<hr/>
Profit/(Loss) on Ordinary Activities after Taxation		974	(896)
Retained Profit brought forward		657	1,553
		<hr/>	<hr/>
Retained Profit carried forward		£1,631	£657
		<hr/>	<hr/>

The Accounting Policies and Notes on pages 9 to 14 form part of these Accounts.

LYON SERVICES LIMITED

BALANCE SHEET
AT 31 MARCH 1993

	Note	1993	1992
Fixed Assets			
Tangible Assets	8	18,040	18,880
Current Assets			
Stocks	9	176,285	191,456
Debtors	10	73,861	86,670
Local Authority Deposits		44,000	30,000
Cash at Bank and in hand		19,263	161
		<hr/>	<hr/>
		313,409	308,287
Creditors: due within one year	11	154,589	194,879
		<hr/>	<hr/>
Net Current Assets		158,820	113,408
		<hr/>	<hr/>
Total Assets less Current Liabilities		176,860	132,288
Creditors: due after one year	12	175,227	131,629
		<hr/>	<hr/>
		£1,633	£659
		<hr/>	<hr/>
Capital and Reserves			
Called-up Share Capital	13	2	2
Profit and Loss Account		1,631	657
		<hr/>	<hr/>
		£1,633	£659
		<hr/>	<hr/>

Approved by the Board on 27 November 1993.

Sir Michael Connell

N R Bomford

M. B. Connell
N R Bomford) Directors

The Accounting Policies and Notes on pages 9 to 14 form part of these Accounts.

LYON SERVICES LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1993

	Note	1993	1992
Net cash inflow from operating activities	14	191,896	79,797
Returns on investments and servicing of finance			
Interest Received		8,723	11,803
Interest Paid		(6,954)	(3,460)
Deed of Covenant		(130,000)	(215,000)
Net cash outflow from returns on investments and servicing of finance		(128,231)	(206,657)
Taxation			
Corporation Tax repaid		1,555	-
Investing activities			
Additions to Tangible Fixed Assets		(343)	-
Net cash outflow from investing activities		(343)	-
Net cash inflow/(outflow)		£64,877	£(126,860)
Increase/(decrease) in cash and cash equivalents	15	£64,877	£(126,860)

The Accounting Policies and Notes on pages 9 to 14 form part of these Accounts.

Basis of Accounting

The Accounts are prepared under the historical cost basis of accounting and in accordance with the Companies Act 1985 and applicable Accounting Standards.

Turnover

Turnover represents amounts invoiced to customers excluding VAT.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:

Farm Building	-	40 years
Plant and Machinery	-	5 to 7 years
Furniture and Equipment	-	20 years

Stocks

Stocks are valued at the lower of cost and net realisable value.

1.	Turnover and Pre-tax Profit	1993	1992	1993	1992
		Turnover		Pre-tax Profit/(loss)	
	Letting of School Premises, Facilities and Equipment	348,581	352,813	121,505	199,227
	Sales of Books and Stationery	306,921	319,445	(6,192)	314
	Farming	-	-	3,183	3,103
	Tours	34,892	26,313	13,614	11,459
	The Hill Club	64,555	62,151	(1,336)	(361)
		<u>£754,949</u>	<u>£760,722</u>	<u>£130,744</u>	<u>£213,742</u>

The turnover and profit before taxation is attributable to operations in the United Kingdom.

2.	Operating Profit	1993	1992
	This is stated after charging:		
	Auditors' Remuneration	£ 5,000	£ 7,007
	Depreciation	£ 1,183	£ 1,196

and after crediting:

Rental Income (Net of Outgoings)	£ 4,175	£ 4,174
Grant from Harrow School to Harrow School Farm	£ 4,000	£ 4,000

3.	Employees		
	Staff Costs		
	Wages and Salaries	134,135	127,502
	Social Security Costs	8,736	7,308
	Pension Contributions	4,182	4,425
		<u>£147,053</u>	<u>£139,235</u>

None of the Directors received any remuneration from the Company during the year (1992 - £Nil)

Average number of full-time employees during the year	No.	No.
Shop, Office and Management	5	4

Other Employees

In July and August approximately 44 people (1992 - 46) were employed for the period of the summer camp.

In addition 13 employees (1992 - 14) worked throughout the year on a part-time or occasional basis.

LYON SERVICES LIMITED

NOTES TO THE ACCOUNTS

4.	Interest Receivable	1993	1992
	Bank Interest	848	760
	Other Interest Receivable	7,875	11,043
		<hr/>	<hr/>
		£8,723	£11,803
		<hr/>	<hr/>

5.	Interest Payable		
	Bank Loans and Overdraft	4,661	3,410
	Other Loans wholly repayable within five years	2,293	50
		<hr/>	<hr/>
		£6,954	£3,460
		<hr/>	<hr/>

6.	Deed of Covenant	£130,000	£215,000
		<hr/>	<hr/>

The Company has entered into a Deed of Covenant under which it has agreed to pay The Keepers and Governors of The Free Grammar School of John Lyon an annual sum equal to the income of the Company less Income Tax for the financial periods up to 31 March 1994.

7.	Taxation	1993	1992
	Overprovision of Taxation in respect of Payments under Deed of Covenant at 25%	230	403
	Underprovision in respect of previous years	-	(41)
		<hr/>	<hr/>
		£230	£362
		<hr/>	<hr/>

8. Tangible Fixed Assets

Cost	Farm Building	Plant and Machinery	Furniture and Equipment	Total
At 1 April 1992	18,875	14,757	3,038	36,670
Additions	-	-	343	343
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1993	18,875	14,757	3,381	37,013
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 1992	2,831	13,185	1,774	17,790
Provided during the year	472	542	169	1,183
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1993	3,303	13,727	1,943	18,973
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 31 March 1993	£15,572	£1,030	£1,438	£18,040
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1992	£16,044	£1,572	£1,264	£18,880
	<hr/>	<hr/>	<hr/>	<hr/>

9. Stocks

	1993	1992
Finished Goods and Goods for Resale		
Lyon Services	12,569	13,733
Bookshop	152,287	161,984
Tours	10,236	14,380
Club	1,193	1,359
	<hr/>	<hr/>
	£176,285	£191,456
	<hr/>	<hr/>

10. Debtors

Trade Debtors	48,325	64,281
Other Debtors	6,978	4,743
Prepayments and Accrued Income	17,925	15,688
Taxation Recoverable	633	1,958
	<hr/>	<hr/>
	£73,861	£86,670
	<hr/>	<hr/>

11.	Creditors: amounts falling due within one year	1993	1992
	Bank Overdraft	-	31,775
	Trade Creditors	101,766	101,448
	Other Taxes and Social Security	47,424	55,156
	Accruals	5,000	6,100
	Other Creditors	399	400
		<u>£154,589</u>	<u>£194,879</u>

12.	Creditors: amounts falling due after more than one year		
	Aggregate of the amount due to The Keepers and Governors of The Free Grammar School of John Lyon	175,227	131,229
	Other Loan	-	400
		<u>£175,227</u>	<u>£131,629</u>

No terms for the repayment of the amount due to The Keepers and Governors have been agreed and the loan is interest free.

13.	Called-up Share Capital	1993	1992	1993	1992
				Allotted, Called-up and Fully Paid	
		Authorised			
	Ordinary Shares of £1 each	£100	£100	£2	£2
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

14.	Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities	1993	1992
	Operating Profit	128,975	205,399
	Depreciation charges	1,183	1,196
	Decrease/(Increase) in Stocks	15,171	(29,553)
	Decrease in Debtors	11,484	43,242
	Increase/(Decrease) in Creditors	35,083	(140,487)
	Net Cash Inflow from Operating Activities	<u>£191,896</u>	<u>£79,797</u>

15.	Analysis of the Balance of Cash and Cash Equivalents as shown in the Balance Sheet	Change in Year	1993	1992
	Cash at Bank and in hand	19,102	19,263	161
	Local Authority Deposits	14,000	44,000	30,000
	Bank Overdraft	31,775	-	(31,775)
		<hr/>	<hr/>	<hr/>
		£64,877	£63,263	£(1,614)
		<hr/>	<hr/>	<hr/>
16.	Analysis of Changes in Cash and Cash Equivalents during the year		1993	1992
	Balance at 1 April 1992		(1,614)	125,246
	Net Cash Inflow/(Outflow)		64,877	(126,860)
			<hr/>	<hr/>
			£63,263	£(1,614)
			<hr/>	<hr/>

17. Contingent Liability

The Company has, since the year-end, received notification from the Intervention Board, acting under European Community Regulations, of an apparent liability to pay Supplementary Levy on milk produced by the Farm. The amount of the liability indicated by the Intervention Board is around £120,000 and covers the period since 1984.

The Directors are taking steps to establish the precise liability, if any. As a result of the uncertainty regarding the extent of the liability, no provision has been made in these Accounts.