

Lion Capital Partners PLC
Annual report
Year ended 30 September 2002



Registered office:
Alder Castle
10 Noble Street
London
EC2V 7TL

Registered Number: 3555345

Lion Capital Partners PLC

Annual report for the year ended 30 September 2002

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Lion Capital Partners PLC

Directors' report for the year ended 30 September 2002

The directors present their report and the audited financial statements for the year ended 30 September 2002.

Principal activities, review of business and future developments

The principal activity of the company is to provide investment in and corporate advice to smaller businesses in order to achieve above average capital growth.

On 31 January 2001 Lion Capital Partners PLC ('LCP') was authorised to do investment business by the Securities and Futures Authority. From 01 December 2001 LCP became regulated by the Financial Services Authority.

The company has undergone a review of its strategy and is in the process of separating its investment assets from its fund management and corporate finance advisory business. A new company, Lion Capital Advisers Limited ('LCA'), has been incorporated and has entered into an agreement to purchase the business, tangible fixed assets and the benefit of existing contracts of LCP. The purchase will become effective when LCA is authorised by the Financial Services Authority. LCP will receive a 15% ordinary equity shareholding in LCA and 400,000 £1 preference shares and an amount included in debtors of £362,000 will be transferred and subsequently be collectable by LCA. Following authorisation by the FSA, LCA will manage the investments in LCP for an annual fee of 2.5% of the valuation. Funding for the group is referred to in note 1 to the financial statements. Existing facilities and the realisation of debtors and investments are projected to provide sufficient funding for the group following the transfer of business.

Results

The results for the year are set out in the profit and loss account on page 6. The group made a loss on ordinary activities before taxation of £1,944,000.

Directors and their interests

The directors during the year and their beneficial interest in the shares and warrants to subscribe for shares of the company at the end of the year were as follows:

	Ordinary shares of 10p each		Warrants	
	2002	2001	2002	2001
T J N Beyer *	67,500	67,500	50,000	50,000
A B B Canning	372,224	372,224	369,091	369,091
J W E Kerslake *	302,996	302,996	299,863	299,863
O R J Parr *	28,559	28,559	23,860	23,860
R H Clifford	122,033	122,033	45,010	45,010
S J Stock	44,042	44,042	40,909	40,909
P J Loach	76,784	76,784	45,454	45,454

* non-executive directors

R W Heley tendered his resignation as a director on 27 March 2002 and that resignation was accepted at a meeting of the remainder of the board on 3 April 2002.

In accordance with the Articles of Association, J W E Kerslake and T J N Beyer retire by rotation and, being eligible, offer themselves for re-election.

The warrants are exercisable at 110p per share between March 2001 and March 2004.

Lion Capital Partners PLC

Directors' report for the year ended 30 September 2002

Creditor payment policy

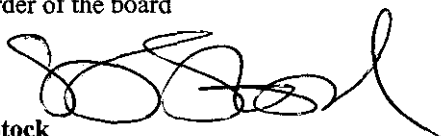
It is the company's intention to settle approved invoices from suppliers, by the end of the month following the month of approval, or in accordance with specific terms where these have been agreed at the time of determination of the terms of each transaction.

The company's trade creditors figure at 30 September 2002 was equivalent to 31 days purchases (2001:45 days), based on average daily amounts invoiced by suppliers during the period.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'S J Stock', written over a horizontal line.

S J Stock

Director

Lion Capital Partners PLC

Statement of 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 the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (d) 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 the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Lion Capital Partners PLC

Independent auditors' report to the members of Lion Capital Partners PLC

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 and the group'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 and the group at 30 September 2002 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
20 December 2002

Lion Capital Partners PLC

Consolidated profit and loss account for the year ended 30 September 2002

	Notes	2002 £'000	2001 £'000
Turnover			
Fees receivable		207	533
Management charges	20	1,500	-
		<hr/>	<hr/>
Gross profit		1,707	533
Administrative expenses		(2,600)	(1,980)
(Loss)/profit on revaluation or disposal of investments		(785)	58
Professional and other costs incurred in connection with projects not progressed		(195)	(48)
		<hr/>	<hr/>
Operating loss	2	(1,873)	(1,437)
Bank and loan interest receivable		131	37
Interest payable	5	(202)	(26)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(1,944)	(1,426)
Tax on loss on ordinary activities	6	-	23
		<hr/>	<hr/>
Loss for the financial year	14	(1,944)	(1,403)
		<hr/>	<hr/>

All amounts relate to continuing operations.

Lion Capital Partners PLC

Year ended 30 September 2002

Statement of total recognised gains and losses

	2002 £'000	2001 £'000
Loss for the financial year	(1,944)	(1,403)
Unrealised surplus on revaluation of investments	-	2,227
Reduction to cost on revaluation of investments	(573)	-
	<hr/>	<hr/>
Total recognised losses and gains relating to the year	(2,517)	824
	<hr/>	<hr/>

Note of historical cost loss

	2002 £'000	2001 £'000
Reported loss on ordinary activities before taxation	(1,944)	(1,426)
Realisation of investment revaluation gains of previous year	-	193
	<hr/>	<hr/>
Historical cost loss on ordinary activities before taxation	(1,944)	(1,233)
	<hr/>	<hr/>
Historical cost loss for the year after taxation	(1,944)	(1,210)
	<hr/>	<hr/>

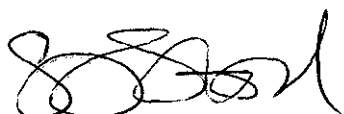
Lion Capital Partners PLC

Consolidated Balance Sheet as at 30 September 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Tangible assets	7	16	38
Investments	8	3,335	3,648
		<hr/>	<hr/>
		3,351	3,686
		<hr/>	<hr/>
Current assets			
Investments	8	170	1,210
Debtors: amounts falling due within one year	10	926	2,412
Debtors: amounts falling due after one year	10	1,942	1,910
Cash at bank and in hand		-	1
		<hr/>	<hr/>
		3,038	5,533
		<hr/>	<hr/>
Creditors: amounts falling due within one year	11	(3,857)	(4,231)
		<hr/>	<hr/>
Net current (liabilities)/assets		(819)	1,302
		<hr/>	<hr/>
Net assets		2,532	4,988
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	509	504
Share premium	14	4,707	4,651
Revaluation reserve	14	2,400	2,973
Profit and loss account	14	(5,084)	(3,140)
		<hr/>	<hr/>
Equity shareholders' funds	15	2,532	4,988
		<hr/>	<hr/>

Approved by the board on 20 December 2002

S J Stock



Director


Lion Capital Partners PLC

Company Balance Sheet as at 30 September 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Tangible assets	7	16	38
Investments	8	3,337	3,650
		<hr/>	<hr/>
		3,353	3,688
		<hr/>	<hr/>
Current assets			
Investments	8	170	1,210
Debtors: amounts falling due within one year	10	926	2,412
Debtors: amounts falling due after one year	10	1,942	1,910
Cash at bank and in hand		-	1
		<hr/>	<hr/>
		3,038	5,533
		<hr/>	<hr/>
Creditors: amounts falling due within one year	11	(3,859)	(4,233)
		<hr/>	<hr/>
Net current (liabilities)/assets		(821)	1,300
		<hr/>	<hr/>
Net assets		2,532	4,988
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	509	504
Share premium	14	4,707	4,651
Revaluation reserve	14	2,400	2,973
Profit and loss account	14	(5,084)	(3,140)
		<hr/>	<hr/>
Equity shareholders' funds		2,532	4,988
		<hr/>	<hr/>

Approved by the board on 20 December 2002

S J Stock



Director

Lion Capital Partners PLC

Consolidated cash flow statement for the year ended 30 September 2002

	Notes	2002 £'000	2001 £'000
Net cash inflow/(outflow) from operating activities	16	355	(3,416)
Returns on investments and servicing of finance			
Bank interest paid		(187)	(30)
Bank interest received		107	17
Finance lease charges		-	(1)
Net cash outflow from returns on investments and servicing of finance		(80)	(14)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		-	(9)
Disposal of tangible fixed assets		-	18
Purchase of other investments		(5)	(1,416)
Disposal of investments		-	1,062
Net cash (outflow) from investing activities		(5)	(345)
Net operating cash inflow/(outflow) before financing		270	(3,775)
Financing			
Issue of share capital		61	538
Finance lease repayments		(5)	(6)
Net cash inflow from financing		56	532
Increase/(decrease) in cash in the year		326	(3,243)

Lion Capital Partners PLC

Notes to the financial statements for the year ended 30 September 2002

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, modified to include the revaluation of land and buildings and investments.

The financial statements have been prepared on the going concern basis. As indicated elsewhere, the company is in the process of transferring its business to LCA. As a consequence of this the annual expenses will reduce significantly and having due regard to this transaction and the future realisation of investments, the directors are confident that sufficient funding is available to the group.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Fixtures and fittings	10% straight line
Office equipment	10 - 33% straight line
Motor vehicles	25% straight line

Leases

Assets acquired under finance leases are capitalised. The related lease obligations are shown as liabilities and the finance costs spread over the life of the lease. The assets are depreciated over their estimated useful lives. Payments applicable to other leases are charged to the profit and loss account as incurred.

Investments

Quoted investments and those investments held for resale in the short term are classified as current asset investments. All other investments which are anticipated to be held over a longer period are classified as fixed asset investments.

Quoted investments are normally valued at the mid-market price ruling at the balance sheet date except where subsequent events have occurred which indicate a permanent diminution in value.

Unquoted investments are initially carried at cost less provision for any diminution in value. Where the investment has a sufficient track record or there are other external indicators of value including third party pricing, the directors will value the investment accordingly.

Any surplus or deficit arising on revaluation is taken to revaluation reserve. However, any revaluation below cost is taken to profit and loss account.

Turnover

Turnover comprises rental income and fees receivable.

Deferred taxation

Provision is made for deferred tax on an undiscounted basis, using the liability method, to the extent that it is probable that a liability will crystallise in the foreseeable future. Deferred tax assets are recognised when it is more probable than not that they will be realised.

Lion Capital Partners PLC

Notes to the financial statements for the year ended 30 September 2002

2 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	2002 £'000	2001 £'000
Depreciation on owned tangible fixed assets	22	28
Employee costs (including two executive directors)	852	623
Audit fees	20	16
Operating lease rentals		
Office premises	410	373
Loss/(profit) on disposal of investments	38	(759)
Provision against diminution in value of investments and loans	747	701
Professional and other costs incurred in connection with projects not progressed	195	48
	<u> </u>	<u> </u>

Fees paid to the auditors for non-audit services amounted to £35,000 (2001 £28,000)

Fees for the audit of the parent company amounted to £15,000 (2001 £16,000)

3 Directors' remuneration

The remuneration of directors comprising non-executive directors' fees and consultancy fees paid to executive directors under service agreements was as follows:

		2002 £'000	2001 £'000
R W Heley	Chairman (resigned 27.03.02)	10	37
T J N Beyer	Deputy chairman	10	10
A B B Canning	Chief executive	154	123
J W E Kerslake	Director	10	50
O R J Parr	Director	10	10
S J Stock	Finance director	122	92
R H Clifford	Director	122	92
P J Loach	Director	122	61
		<u> </u>	<u> </u>
		560	475
		<u> </u>	<u> </u>

Amounts payable to two executive directors were paid to third parties.
The company did not make any contribution to pension schemes.

Lion Capital Partners PLC

Notes to the financial statements for the year ended 30 September 2002

4 Employees

	2002 Number	2001 Number
a) The average number of persons employed by the group during the period was:	13	11
In addition there were two executive (2001 – two) directors who were not <u>directly</u> employed by the group.		

b) Employment costs:

	2002 £'000	2001 £'000
Wages and salaries	768	561
Social security costs	84	62
	852	623

5 Interest payable

	2002 £'000	2001 £'000
Interest payable on bank loans and overdrafts	(202)	(25)
Interest on finance leases	-	(1)
	(202)	(26)

6 Taxation

	2002 £'000	2001 £'000
Corporation tax for the year	-	-
Adjustment in respect of prior years	-	23
	-	23

No tax charge arises as a result of the loss for the year

The current tax charge of nil can be reconciled to the standard UK rate of 30% applied to the loss for the year as follows:-

	2002 £'000	2001 £'000
Loss before tax at 30%	583	428
Expenses not deductible for tax purposes	(100)	(75)
Additional gain on historic cost	-	(55)
Losses to be carried forward	(483)	(298)
	-	-

Lion Capital Partners PLC

Notes to the financial statements for the year ended 30 September 2002

7 Tangible fixed assets

Group and company	Office furniture & equipment £'000
Cost or valuation	
At 01 October 2001	91
Additions during the year	-
	<hr/>
At 30 September 2002	91
	<hr/>
Depreciation	
At 01 October 2001	53
Charge for the year	22
	<hr/>
At 30 September 2002	75
	<hr/>
Net book value	
At 30 September 2002	16
	<hr/>
At 30 September 2001	38
	<hr/>

Net book value for group and company includes £Nil (2001 £4,467) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged on these assets during the period amounted to £4,467 (2001 £4,467).

8 Investments

The Group's investments with a historic cost of £2,553,000 (2001 £2,585,000), are shown at directors' valuation of £3,505,000. The company's investments with a historic cost of £2,555,000 (2001 £2,587,000), are shown at directors' valuation of £3,507,000.

	<u>Group</u>		<u>Company</u>	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Fixed assets				
Equity shares at valuation:				
Listed	-	-	-	-
Unlisted	3,247	3,560	3,249	3,562
	<hr/>	<hr/>	<hr/>	<hr/>
	3,247	3,560	3,249	3,562
Unlisted loans	88	88	88	88
	<hr/>	<hr/>	<hr/>	<hr/>
	3,335	3,648	3,337	3,650
	<hr/>	<hr/>	<hr/>	<hr/>

Lion Capital Partners PLC

Notes to the financial statements for the year ended 30 September 2002

8 Investments (continued)

	2002	Group	2002	Company
	£'000	2001	£'000	2001
		£'000		£'000
Current assets				
Equity shares at valuation:				
Listed	170	1,080	170	1,080
Unlisted	-	130	-	130
	<u>170</u>	<u>1,210</u>	<u>170</u>	<u>1,210</u>
Total investments	<u>3,505</u>	<u>4,858</u>	<u>3,507</u>	<u>4,860</u>

	Group		Company	
	Fixed	Current	Fixed	Current
	assets	assets	assets	assets
	£'000	£'000	£'000	£'000
Cost or valuation				
At 01 October 2001	4,212	1,497	4,214	1,497
Additions at cost	-	5	-	5
Disposals	(38)	-	(38)	-
	<u>4,174</u>	<u>1,502</u>	<u>4,176</u>	<u>1,502</u>
Revaluation in year	-	(573)	-	(573)
	<u>4,174</u>	<u>929</u>	<u>4,176</u>	<u>929</u>
At 30 September 2002	<u>4,174</u>	<u>929</u>	<u>4,176</u>	<u>929</u>
Provision for diminution in value				
At 01 October 2001	564	287	564	287
Provided in the year	275	472	275	472
	<u>839</u>	<u>759</u>	<u>839</u>	<u>759</u>
At 30 September 2002	<u>839</u>	<u>759</u>	<u>839</u>	<u>759</u>
Net book value				
At 30 September 2002	<u>3,335</u>	<u>170</u>	<u>3,337</u>	<u>170</u>
At 30 September 2001	<u>3,648</u>	<u>1,210</u>	<u>3,650</u>	<u>1,210</u>

Lion Capital Partners PLC

Notes to the financial statements for the year ended 30 September 2002

8 Investments (continued)

The Group's investments comprise:

	% holding	Cost £'000	Valuation £'000
Fixed assets			
H.S.D.Limited	10.00%	250	-
Future Internet Technologies plc	<1.00%	175	-
Bentleigh Cross Limited			
Ordinary shares	11.13%	49	104
Loan notes	13.16%	88	88
Incobar Limited	10.00%	35	35
Ace Three (UK) Limited	12.50%	-	-
eMuse Corporation plc	2.24%	404	673
Intelligent Engineering Holdings Limited	2.12%	303	2,380
TCTi plc	< 1.00%	239	-
Aludel Limited	3.49%	50	50
Groundwise Searches Limited	10.00%	5	5
Schools Plus Limited	1.29%	25	-
		<u>1,623</u>	<u>3,335</u>
Current assets			
Lombard Medical PLC	5.00%	507	170
Insight Technologies Limited	26.39%	417	-
		<u>924</u>	<u>170</u>
Total investments		<u>2,547</u>	<u>3,505</u>

Intelligent Engineering Holdings Limited is registered in the British Virgin Islands and its last accounts to 31 March 2002 showed a loss after taxation of £2,467,660 for the year ended and net assets of £258,163. This reflects investment in its innovative construction technology which has resulted in commercial sales and collaboration.

In addition the company holds 214,286 warrants to subscribe for ordinary shares in Lombard Medical PLC at 70p per share and 1,600,257 warrants to subscribe for ordinary shares in Lombard Medical PLC at 77p per share. The warrants are currently held at nil value.

If all of the investments were sold at their revalued amounts a tax charge of approximately £720,000 would arise which would be off-set by prior year losses brought forward.

Disposals

On 31 October 2001 the company disposed of its investment in Lion Medical Limited to Lombard Medical Plc. The initial consideration comprised 6,844 ordinary shares in Lombard Medical Plc with up to a further 663,744 shares being due dependent on the eventual realisation of one of Lion Medical's investments.

In addition, on completion, Lombard Medical repaid £1,400,000 of the debtor, which was used to reduce the company's bank indebtedness with the balance of £1,910,000 being loaned by the company for up to two years and secured by a debenture over Lombard Medical's assets (see Note 10).

Lion Capital Partners PLC

Notes to the financial statements for the year ended 30 September 2002

9 Interests in subsidiary undertakings

The following information relates to the principal subsidiary undertakings, all of which are now dormant and which are 100% owned and have been consolidated:

Name of undertaking	Description of shares held	Country of incorporation
Lion Corporate Holdings Limited	Ordinary shares of £1	Jersey
Foster Lane Properties (No 1) Limited	Ordinary shares of £1	Jersey

10 Debtors

	<u>Group</u>		<u>Company</u>	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Amounts falling due within one year:				
Prepayments and accrued income	44	103	44	103
Other debtors	882	2,309	882	2,309
	<u>926</u>	<u>2,412</u>	<u>926</u>	<u>2,412</u>
Amounts falling due after one year:				
Other debtors	<u>1,942</u>	<u>1,910</u>	<u>1,942</u>	<u>1,910</u>

Other debtors includes £1,963,000 (2001 £3,310,000) receivable from Lion Medical Limited, a company in which Lion Capital Partners PLC had a 19% shareholding. The investment was disposed of on 31 October 2001 when £1,400,000 was repaid.

11 Creditors

	<u>Group</u>		<u>Company</u>	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Amounts falling due within one year:				
Bank overdrafts	3,468	3,795	3,468	3,795
Amounts owed to subsidiaries	-	-	2	2
Trade creditors	243	306	243	306
Obligations under finance leases	-	5	-	5
Other taxation and social security	35	26	35	26
Accruals	90	84	90	84
Other creditors	21	15	21	15
	<u>3,859</u>	<u>4,231</u>	<u>3,859</u>	<u>4,233</u>

The bank overdrafts are secured by a charge over the assets of the company.

Trade creditors includes an amount of £114,000 owed to Lion Capital Advisers Limited at 30 September 2002.

Lion Capital Partners PLC

Notes to the financial statements for the year ended 30 September 2002

12 Deferred taxation

The unrecognised (asset)/potential liability at 30% is:

	2002 £'000	2001 £'000
Potential capital gain on revalued investments	720	890
Capital losses	(480)	(255)
Excess management expenses	(485)	(215)
	<hr/>	<hr/>
Unrecognised (asset)/liability	(245)	420
	<hr/>	<hr/>

The deferred tax asset has not been recognised as the directors consider that its realisation is as yet uncertain.

13 Called up share capital

	2002 £'000	2001 £'000
Authorised		
23,000,000 ordinary shares of 10p each	2,300	2,300
	<hr/>	<hr/>
Allotted, called up and fully paid		
At 01 October 2001	504	462
Ordinary shares of 10p each issued during the year	5	42
	<hr/>	<hr/>
At 30 September 2002	509	504
	<hr/>	<hr/>

55,454 ordinary shares were issued during the period for an aggregate consideration of £60,999.

At 30 September 2002 there were 5,091,366 ordinary shares of 10p each in issue (2001 – 5,035,912).

At 30 September 2002, warrants were outstanding over 2,797,435 ordinary shares. These warrants are exercisable at 110p per share, between March 2001 and March 2004.

14 Reserves

Group	Share premium £'000	Revaluation reserve £'000	Profit and loss account £'000
At 01 October 2001	4,651	2,973	(3,140)
Premium arising on shares issued during the year	56	-	-
Investment revaluation surplus written down on disposal or diminution in value	-	(573)	-
Loss for the year	-	-	(1,944)
	<hr/>	<hr/>	<hr/>
At 30 September 2002	4,707	2400	(5,084)
	<hr/>	<hr/>	<hr/>

Lion Capital Partners PLC

Notes to the financial statements for the year ended 30 September 2002

Company	Share premium £'000	Revaluation reserve £'000	Profit and loss account £'000
At 01 October 2001	4,651	2,973	(3,140)
Premium arising on shares issued during the period	56	-	-
Investment revaluation surplus written back on disposal or diminution in value	-	(573)	-
Loss for the year	-	-	(1,944)
	<hr/>	<hr/>	<hr/>
At 30 September 2002	4,707	2,400	(5,084)
	<hr/>	<hr/>	<hr/>

In accordance with Section 230 of the Companies Act 1985 the company has not published a separate profit and loss account.

15 Reconciliation of movements in shareholders' funds

	2002 £'000	2001 £'000
Balance at 01 October 2001	4,988	3,626
Loss for the year	(1,944)	(1,403)
Issue of shares (net of costs)	61	538
Revaluation of investments	(573)	2,227
	<hr/>	<hr/>
Balance at 30 September 2002	2,532	4,988
	<hr/>	<hr/>

16 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	2002 £'000	2001 £'000
Operating loss	(1,873)	(1,437)
Loss on disposal of tangible fixed assets	-	1
Loss/(profit) on disposal of investments	38	(759)
Provision for diminution in value of investments	747	701
Depreciation of tangible fixed assets	22	28
Decrease/(increase) in debtors	1,478	(1,742)
(Decrease) in creditors	(57)	(208)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	355	(3,416)
	<hr/>	<hr/>

Lion Capital Partners PLC

Notes to the financial statements for the year ended 30 September 2002

17 Reconciliation of net cash flow to movement in net debt

	2002 £'000	2001 £'000
(Decrease) in cash in the year	(1)	(1,071)
Decrease/(increase) in bank overdrafts in the year	327	(2,172)
Cash outflow from repayment of finance lease obligations	5	6
	<hr/>	<hr/>
Movement in net debt in the year	331	(3,237)
Net debt at 01 October 2001	(3,799)	(562)
	<hr/>	<hr/>
Net debt at 30 September 2002	<u>(3,468)</u>	<u>(3,799)</u>

18 Analysis of net debt

	Net debt At 01 Oct 2001 £'000	Cash flow £'000	Net debt At 30 Sept 2002 £'000
Cash at bank and in hand	1	(1)	-
Bank overdrafts	(3,795)	327	(3,468)
	<hr/> (3,794)	<hr/> 326	<hr/> (3,468)
Finance lease obligations	(5)	5	-
	<hr/> (3,799)	<hr/> 331	<hr/> (3,468)
	<u><hr/></u>	<u><hr/></u>	<u><hr/></u>

19 Financial commitments

The group and the company had no contingent liabilities at 30 September 2002 (2001 - Nil).

The group and the company have a commitment under an operating lease in respect of office premises to pay the following amounts during the next year:

	2002 £'000	2001 £'000
Lease expiring in December 2002	107	-
Lease expiring in March 2002	-	195
	<hr/> 107	<hr/> 195
	<u><hr/></u>	<u><hr/></u>

Lion Capital Partners PLC

Notes to the financial statements for the year ended 30 September 2002

20 Transactions with related parties

During the year ended 30 September 2002 amounts were advanced by the company of £6,108 (2001 £42,249) to A B B Canning and £8,952 (2001 £13,265) to R H Clifford, directors of the company. These amounts were repaid in full during the year.

Lion Capital Advisers Limited, a new company in which A B B Canning, R H Clifford, P J Loach and S J Stock are directors has entered into an agreement to purchase the business of Lion Capital Partners as explained on page 2. In the interim period costs of £1,500,000 were recharged to Lion Capital Advisers Limited during the year and administrative charges of £288,000 were made by Lion Capital Advisers Limited.