

Lion Capital Partners PLC

(formerly Lion Technologies Plc)

Annual report

Year ended 30 September 2001

Registered Number: 3555345



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Lion Capital Partners PLC
(formerly Lion Technologies Plc)

Annual report
for the year ended 30 September 2001

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Lion Capital Partners PLC

(formerly Lion Technologies Plc)

Directors' report for the year ended 30 September 2001

The directors present their report and the audited financial statements for the year ended 30 September 2001. The company changed its name from Lion Technologies Plc to Lion Capital Partners PLC on 30 April 2001.

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 was authorised to do investment business by the Securities and Futures Authority Limited. From 01 December 2001 Lion became regulated by the Financial Services Authority.

Investments continue to show overall capital appreciation, as shown in the accounts and in accordance with British Venture Capital Association guidelines.

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.

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 £1,426,000.

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	
	2001	2000	2001	2000
R W Heley *	21,856	21,856	20,227	20,227
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 (appointed 07.02.01)	76,784	-	45,454	-

* non-executive directors

In accordance with the Articles of Association, R W Heley and O R J Parr 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
(formerly Lion Technologies Plc)

Directors' report
for the year ended 30 September 2001

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 2001 was equivalent to 45 days purchases, 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 B B Canning

Chief Executive
No 1 Cornhill
London
EC3V 3ND

Lion Capital Partners PLC

(formerly Lion Technologies 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

(formerly Lion Technologies 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.

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 2001 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
31 December 2001

Lion Capital Partners PLC
(formerly Lion Technologies Plc)

**Consolidated profit and loss account
for the year ended 30 September 2001**

	Notes	2001 £'000	2000 £'000
Turnover			
Rental income		-	368
Fees receivable		533	317
		<hr/>	<hr/>
		533	685
Direct costs		-	(50)
		<hr/>	<hr/>
Gross profit		533	635
Administrative expenses	2	(1,970)	(1,889)
		<hr/>	<hr/>
Operating loss	2	(1,437)	(1,254)
Bank interest receivable		37	52
Interest payable	5	(26)	(106)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(1,426)	(1,308)
Tax on loss on ordinary activities	6	23	-
		<hr/>	<hr/>
Loss for the financial period	14	(1,403)	(1,308)
		<hr/>	<hr/>

All amounts relate to continuing operations.

Lion Capital Partners PLC
(formerly Lion Technologies Plc)

Year ended 30 September 2001
Statement of total recognised gains and losses

	2001 £'000	2000 £'000
Loss for the financial period	(1,403)	(1,308)
Unrealised surplus on revaluation of investments	2,227	939
	<hr/>	<hr/>
Total recognised gains and losses relating to the period	824	(369)
	<hr/>	<hr/>

Note of historical cost loss

	2001 £'000	2000 £'000
Reported loss on ordinary activities before taxation	(1,426)	(1,308)
Realisation of investment revaluation gains of previous year	193	-
Realisation of property revaluation gains of previous year	-	209
	<hr/>	<hr/>
Historical cost loss on ordinary activities before taxation	(1,233)	(1,099)
	<hr/>	<hr/>
Historical cost loss for the year after taxation	(1,210)	(1,099)
	<hr/>	<hr/>

Lion Capital Partners PLC
(formerly Lion Technologies Plc)

Consolidated Balance Sheet
as at 30 September 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	7	38	76
Investments	8	3,648	2,219
		<hr/>	<hr/>
		3,686	2,295
		<hr/>	<hr/>
Current assets			
Investments	8	1,210	-
Debtors: amounts falling due within one year	10	2,412	2,560
Debtors: amounts falling due after one year	10	1,910	-
Cash at bank and in hand		1	1,072
		<hr/>	<hr/>
		5,533	3,632
Creditors: amounts falling due within one year	11	(4,231)	(2,297)
		<hr/>	<hr/>
Net current assets		1,302	1,335
		<hr/>	<hr/>
Total assets less current liabilities		4,988	3,630
Creditors: amounts falling due after more than one year	11	-	(4)
Provision for liabilities and charges	12	-	-
		<hr/>	<hr/>
Net assets		4,988	3,626
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	504	462
Share premium	14	4,651	4,155
Revaluation reserve	14	2,973	939
Profit and loss account	14	(3,140)	(1,930)
		<hr/>	<hr/>
Equity shareholders' funds	15	4,988	3,626
		<hr/>	<hr/>

Approved by the board on 31 December 2001



S J Stock

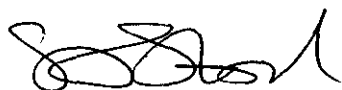
Director

Lion Capital Partners PLC
(formerly Lion Technologies Plc)

Company Balance Sheet
as at 30 September 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	7	38	76
Investments	8	3,650	1,764
		<hr/>	<hr/>
		3,688	1,840
		<hr/>	<hr/>
Current assets			
Investments	8	1,210	-
Debtors: amounts falling due within one year	10	2,412	2,662
Debtors: amounts falling due after one year	10	1,910	-
Cash at bank and in hand		1	1,072
		<hr/>	<hr/>
		5,533	3,734
		<hr/>	<hr/>
Creditors: amounts falling due within one year	11	(4,233)	(2,573)
		<hr/>	<hr/>
Net current assets		1,300	1,161
		<hr/>	<hr/>
Total assets less current liabilities		4,988	3,001
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	11	-	(4)
		<hr/>	<hr/>
Net assets		4,988	2,997
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	504	462
Share premium	14	4,651	4,155
Revaluation reserve	14	2,973	586
Profit and loss account	14	(3,140)	(2,206)
		<hr/>	<hr/>
Equity shareholders' funds		4,988	2,997
		<hr/>	<hr/>

Approved by the board on 31 December 2001



S J Stock

Director

Lion Capital Partners PLC
(formerly Lion Technologies Plc)

**Consolidated cash flow statement
for the year ended 30 September 2001**

	Notes	2001 £'000	2000 £'000
Net cash outflow from operating activities	16	(3,416)	(3,244)
Returns on investments and servicing of finance			
Net bank interest (paid)/received		(13)	24
Loan interest paid		-	(279)
Interest rebate on redemption of loan		-	116
Finance lease charges		(1)	(3)
Net cash outflow from returns on investments and servicing of finance		(14)	(142)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(9)	(48)
Disposal of tangible fixed assets		18	7,767
Purchase of other investments		(1,416)	(6,273)
Disposal of investments		1,062	5,281
Net cash (outflow)/inflow from investing activities		(345)	6,727
Net operating cash (outflow)/inflow before financing		(3,775)	3,341
Financing			
Issue of share capital		538	2,384
Expenses of issue		-	(77)
Bank loan (repaid)/advanced		-	(6,400)
Finance lease repayments		(6)	(20)
Net cash inflow/(outflow) from financing		532	(4,113)
(Decrease)/increase in cash in the year		(3,243)	(772)

Non cash item:- The cash flow statement for the year ended 30 September 2000 does not include the increase in shareholders' funds of £172,000 in respect of the issue of 156,428 ordinary shares to Benchmark Group PLC consequent upon the disposal of the investment property in Buckingham Palace Road.

Lion Capital Partners PLC

(formerly Lion Technologies Plc)

Notes to the financial statements for the year ended 30 September 2001

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.

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 arising on revaluation is taken to revaluation reserve. 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, using the liability method, to the extent that it is probable that a liability will crystallise in the foreseeable future.

Lion Capital Partners PLC
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**Notes to the financial statements
for the year ended 30 September 2001**

2 Loss on ordinary activities before taxation

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

	2001 £'000	2000 £'000
Depreciation on owned tangible fixed assets	28	38
Directors' remuneration	475	384
Employee costs	623	236
Audit fees	16	15
Operating lease rentals		
Office premises	373	198
Loss on disposal of investment property	-	249
Profit on disposal of investments	(759)	(435)
Provision against diminution in value of investments and loans	701	281
Professional and other costs incurred in connection with projects not progressed	48	417
	<hr/>	<hr/>

Fees paid to the auditors for non-audit services amounted to £28,000 (2000 £179,000)

Fees for the audit of the parent company amounted to £16,000 (2000 £10,000)

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:

		2001 £'000	2000 £'000
R W Heley	Chairman	37	5
T J N Beyer	Deputy chairman	10	10
A B B Canning	Chief executive	123	132
J W E Kerslake	Director	50	102
O R J Parr	Director	10	10
S J Stock	Finance director	92	70
R H Clifford	Director	92	55
P J Loach	Director	61	-
		<hr/>	<hr/>
		475	384
		<hr/>	<hr/>

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
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**Notes to the financial statements
for the year ended 30 September 2001**

4 Employees

	2001 Number	2000 Number
a) The average number of persons employed by the group during the period was:	11	7
In addition there were two executive (2000 – four) directors who were not directly employed by the group.		
b) Employment costs:		
	2001 £'000	2000 £'000
Wages and salaries	561	214
Social security costs	62	22
	<u>623</u>	<u>236</u>

5 Interest payable

	2001 £'000	2000 £'000
Interest payable on bank loans and overdrafts	(25)	(219)
Interest on finance leases	(1)	(3)
Interest rebate on redemption of loan	-	116
	<u>(26)</u>	<u>(106)</u>

6 Taxation

	2001 £'000	2000 £'000
Corporation tax for the year	-	-
Adjustment in respect of prior years	23	-
	<u>23</u>	<u>-</u>

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

Lion Capital Partners PLC
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**Notes to the financial statements
for the year ended 30 September 2001**

7 Tangible fixed assets

Group and company	Office furniture & equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation			
At 01 October 2000	94	26	120
Additions during the year	9	-	9
Disposals during the year	(12)	(26)	(38)
	<hr/>	<hr/>	<hr/>
At 30 September 2001	91	-	91
	<hr/>	<hr/>	<hr/>
Depreciation			
At 01 October 2000	43	1	44
Charge for the year	21	7	28
Adjustment on disposal	(11)	(8)	(19)
	<hr/>	<hr/>	<hr/>
At 30 September 2001	53	-	53
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 September 2001	38	-	38
	<hr/>	<hr/>	<hr/>
At 30 September 2000	51	25	76
	<hr/>	<hr/>	<hr/>

Net book value for group and company includes £5,957 (2000 £10,424) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged on these assets during the period amounted to £4,467 (2000 £8,947).

8 Investments

The Group's investments with a historic cost of £2,585,000 (2000 £1,430,000), are shown at directors' valuation of £4,858,000. The company's investments with a historic cost of £2,587,000 (2000 £1,328,000), are shown at directors' valuation of £4,860,000.

	Group		Company	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Fixed assets				
Equity shares at valuation:				
Listed	-	437	-	437
Unlisted	3,560	1,694	3,562	1,239
	<hr/>	<hr/>	<hr/>	<hr/>
	3,560	2,131	3,562	1,676
Unlisted loans	88	88	88	88
	<hr/>	<hr/>	<hr/>	<hr/>
	3,648	2,219	3,650	1,764
	<hr/>	<hr/>	<hr/>	<hr/>

Lion Capital Partners PLC
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**Notes to the financial statements
for the year ended 30 September 2001**

8 Investments (continued)

	2001	<u>Group</u>	2001	<u>Company</u>
	£'000	2000	£'000	2000
		£'000		£'000
Current assets				
Equity shares at valuation:				
Listed	1,080	-	1,080	-
Unlisted	130	-	130	-
	<u>1,210</u>	<u>-</u>	<u>1,210</u>	<u>-</u>
Total investments	<u>4,858</u>	<u>2,219</u>	<u>4,860</u>	<u>1,764</u>

	<u>Group</u>	<u>Company</u>
	Fixed	Fixed
	assets	assets
	£'000	£'000
Cost or valuation		
At 01 October 2000	2,369	1,914
Additions at cost	738	738
Group transfer	-	457
Reclassification	(246)	(246)
Disposals	(303)	(303)
	<u>2,558</u>	<u>2,560</u>
Revaluation in year	1,654	1,654
	<u>4,212</u>	<u>4,214</u>
At 30 September 2001	<u>4,212</u>	<u>4,214</u>
Provision for diminution in value		
At 01 October 2000	150	150
Provided in the year	414	414
	<u>564</u>	<u>564</u>
At 30 September 2001	<u>564</u>	<u>564</u>
Net book value		
At 30 September 2001	<u>3,648</u>	<u>3,650</u>
At 30 September 2000	<u>2,219</u>	<u>1,764</u>

Lion Capital Partners PLC

(formerly Lion Technologies Plc)

Notes to the financial statements for the year ended 30 September 2001

8 Investments (continued)

The Group's investments comprise:

	% holding	Cost £'000	Valuation £'000
Fixed assets			
H.S.D.Limited	10.00%	250	250
Future Internet Technologies plc	<1.00%	175	-
Ranyard Care 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
Lion Medical Limited	19.00%	38	38
Groundwise Searches Limited	10.00%	5	5
Schools Plus Limited	n/a	25	25
		<u>1,661</u>	<u>3,648</u>
Current assets			
Lombard Medical PLC	5.00%	507	1,080
Insight Technologies Limited	26.39%	417	130
		<u>924</u>	<u>1,210</u>
Total investments		<u>2,585</u>	<u>4,858</u>

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.

The % holding in Schools Plus Limited is not applicable at this stage as the company's initial funding is not yet complete.

If all of the investments were sold at their revalued amounts a tax charge of approximately £890,000 would arise which would partly be off-set by prior year losses brought forward.

Post balance sheet event

Since the year end, on 31 October 2001, the company has 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 valuation 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
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**Notes to the financial statements
for the year ended 30 September 2001**

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
LCA Operations Limited	Ordinary shares of £1	Great Britain
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>	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Amounts falling due within one year:				
Amounts owed by subsidiaries	-	-	-	102
Prepayments and accrued income	103	114	103	114
Other debtors	2,309	2,446	2,309	2,446
	<u>2,412</u>	<u>2,560</u>	<u>2,412</u>	<u>2,662</u>
Amounts falling due after one year:				
Other debtors	<u>1,910</u>	<u>-</u>	<u>1,910</u>	<u>-</u>

Other debtors includes £3,310,000 (2000 £1,575,000) receivable from Lion Medical Limited, a company in which Lion Capital Partners PLC had a 19% shareholding (2000 - 19%). The investment was disposed of on 31 October 2001 when £1,400,000 of this amount was repaid.

11 Creditors

	<u>Group</u>		<u>Company</u>	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Amounts falling due within one year:				
Bank overdrafts	3,795	1,623	3,795	1,623
Amounts owed to subsidiaries	-	-	2	326
Trade creditors	306	405	306	405
Obligations under finance leases	5	7	5	7
Other taxation and social security	26	18	26	18
Corporation tax	-	23	-	-
Accruals	84	150	84	123
Other creditors	15	71	15	71
	<u>4,231</u>	<u>2,297</u>	<u>4,233</u>	<u>2,573</u>

Lion Capital Partners PLC
(formerly Lion Technologies Plc)

**Notes to the financial statements
for the year ended 30 September 2001**

11 Creditors (continued)

	<u>Group</u>		<u>Company</u>	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Amounts falling due after more than one year:				
Obligations under finance leases	-	4	-	4

Net obligations under finance leases are:

	<u>Group</u>		<u>Company</u>	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Within one year	5	7	5	7
Between one and two years	-	4	-	4
	<u>5</u>	<u>11</u>	<u>5</u>	<u>11</u>

12 Deferred taxation

No deferred tax has been provided and there is no material unprovided deferred tax liability.

13 Called up share capital

	2001 £'000	2000 £'000
Authorised		
23,000,000 ordinary shares of 10p each	2,300	2,300
Allotted, called up and fully paid		
At 01 October 2000	462	259
Ordinary shares of 10p each issued during the year	42	203
At 30 September 2001	<u>504</u>	<u>462</u>

413,461 ordinary shares were issued during the period for an aggregate consideration of £537,500.
At 30 September 2001 there were 5,035,912 ordinary shares of 10p each in issue (2000 – 4,622,451).
At 30 September 2001, warrants were outstanding over 2,852,889 ordinary shares. These warrants are exercisable at 110p per share, between March 2001 and March 2004.

Lion Capital Partners PLC
(formerly Lion Technologies Plc)

**Notes to the financial statements
for the year ended 30 September 2001**

14 Reserves

Group	Share Revaluation premium £'000	reserve £'000	Profit and loss account £'000
At 01 October 2000	4,155	939	(1,930)
Premium arising on shares issued during the year	496	-	-
Revaluation of investments	-	2,227	-
Investment revaluation surplus written back on disposal or diminution in value	-	(193)	193
Loss for the year	-	-	(1,403)
	<hr/>	<hr/>	<hr/>
At 30 September 2001	4,651	2,973	(3,140)
	<hr/>	<hr/>	<hr/>

Company	Share Revaluation premium £'000	reserve £'000	Profit and loss account £'000
At 01 October 2000	4,155	586	(2,206)
Premium arising on shares issued during the period	496	-	-
Revaluation of investments	-	2,580	-
Investment revaluation surplus written back on disposal	-	(193)	193
Loss for the year	-	-	(1,127)
	<hr/>	<hr/>	<hr/>
At 30 September 2001	4,651	2,973	(3,140)
	<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

	2001 £'000	2000 £'000
Balance at 01 October 2000	3,626	1,516
Loss for the year	(1,403)	(1,308)
Issue of shares (net of costs)	538	2,479
Revaluation of investments	2,227	939
	<hr/>	<hr/>
Balance at 30 September 2001	4,988	3,626
	<hr/>	<hr/>

Lion Capital Partners PLC
(formerly Lion Technologies Plc)

**Notes to the financial statements
for the year ended 30 September 2001**

**16 Reconciliation of operating loss to net cash outflow
from operating activities**

	2001 £'000	2000 £'000
Operating loss	(1,437)	(1,254)
Loss on disposal of tangible fixed assets	1	249
Profit on disposal of investments	(759)	(435)
Provision for diminution in value of investments	701	150
Depreciation of tangible fixed assets	28	38
(Increase) in debtors	(1,742)	(2,461)
(Decrease)/increase in creditors	(208)	469
	<hr/>	<hr/>
Net cash outflow from operating activities	(3,416)	(3,244)
	<hr/>	<hr/>

17 Reconciliation of net cash flow to movement in net debt

	2001 £'000	2000 £'000
(Decrease)/increase in cash in the year	(1,071)	851
(Increase) in bank overdrafts in the year	(2,172)	(1,623)
Bank loan repaid	-	6,400
Cash outflow from repayment of finance lease obligations	6	20
	<hr/>	<hr/>
Change in net debt resulting from cash flows	(3,237)	5,648
Changes in finance leases	-	-
	<hr/>	<hr/>
Movement in net debt in the year	(3,237)	5,648
Net debt at 01 October 2000	(562)	(6,210)
	<hr/>	<hr/>
Net debt at 30 September 2001	(3,799)	(562)
	<hr/>	<hr/>

18 Analysis of net debt

	Net debt At 01 Oct 2000 £'000	Cash flow £'000	Net debt At 30 Sept 2001 £'000
Cash at bank and in hand	1,072	(1,071)	1
Bank overdrafts	(1,623)	(2,172)	(3,795)
	<hr/>	<hr/>	<hr/>
Finance lease obligations	(551)	(3,243)	(3,794)
	(11)	6	(5)
	<hr/>	<hr/>	<hr/>
	(562)	(3,237)	(3,799)
	<hr/>	<hr/>	<hr/>

Lion Capital Partners PLC

(formerly Lion Technologies Plc)

Notes to the financial statements for the year ended 30 September 2001

19 Financial commitments

The group and the company had no contingent liabilities at 30 September 2001 (2000 - 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:

	2001	2000
	£'000	£'000
Lease expiring in March 2002	195	365
Lease expiring in September 2009	-	35
	<u>195</u>	<u>23</u>

20 Transactions with related parties

During the year ended 30 September 2001 amounts were advanced by the company of £42,249 (2000 £29,555) to A B B Canning and £13,265 (2000 £1,978) to R H Clifford, directors of the company. These amounts were repaid in full during the year.

Benchmark Group PLC, a substantial shareholder in the company (16.65% at 30 September 2001), acquired 156,428 ordinary shares in the year ended 30 September 2000 as settlement of deferred consideration due on sale of the long leasehold property. The property was acquired from Benchmark Group PLC during the period ended 30 September 1999 at a cost of £7,250,000. Of this £750,000 was financed by shares issued.