

REGISTRAR COPY

ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 1997

FOR

CANEI INTERNATIONAL LIMITED



CANEI INTERNATIONAL LIMITED

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FOR THE YEAR ENDED 31 OCTOBER 1997**

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CANEI INTERNATIONAL LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 OCTOBER 1997

DIRECTORS:	R L Bhardwaj B Bhardwaj K K Bhardwaj
SECRETARY:	K K Bhardwaj
REGISTERED OFFICE:	1 Victoria Embankment Trent Bridge Nottingham NG2 2JY
REGISTERED NUMBER:	02576310 (England and Wales)
AUDITORS:	Church & Co Chartered Accountants Registered Auditors 1 Victoria Embankment Trent Bridge Nottingham NG2 2JY
BANKERS:	National Westminster Bank PLC 3 Thurland Street Nottingham NG1 3DT

CANEI INTERNATIONAL LIMITED

**REPORT OF THE AUDITORS TO
CANEI INTERNATIONAL LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated financial statements on pages four to six, together with the full financial statements of the company for the year ended 31 October 1997 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages four to six are properly prepared in accordance with those provisions.

Other information

On 16 January 1998 we reported, as auditors to the shareholders of the company on the financial statements for the year ended 31 October 1997 prepared under Section 226 of the Companies Act 1985, and our report was as follows:

"We have audited the financial statements on pages four to ten which have been prepared under the historical cost convention and the accounting policies set out on page six.

Respective responsibilities of directors and auditors

As described on page two 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, except that the scope of our work was limited as explained below.

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 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. However, in common with other cash businesses the evidence available to us was limited in respect of cash sales, over which there was no system of control on which we could rely for the purposes of our audit. There were no other satisfactory audit procedures that we could adopt to confirm that cash sales were properly recorded.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

CANEI INTERNATIONAL LIMITED

**REPORT OF THE AUDITORS TO
CANEI INTERNATIONAL LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

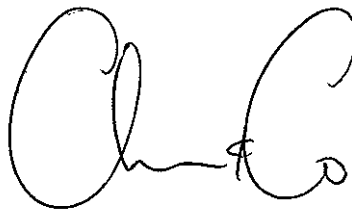
Limitation in scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning cash sales, in our opinion the Financial Statements give a true and fair view of the state of the Company's affairs at 31 October 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies. In respect alone of the limitation on our work relating to cash sales :

* we have not obtained all the information and explanations that we considered necessary for the purposes of our audit; and

* we were unable to determine whether proper accounting records had been maintained."

Church & Co
Chartered Accountants
Registered Auditors
1 Victoria Embankment
Trent Bridge
Nottingham
NG2 2JY



Dated: 16 January 1998

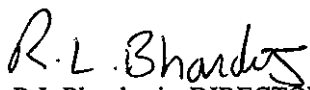
CANEI INTERNATIONAL LIMITED

**ABBREVIATED BALANCE SHEET
31 OCTOBER 1997**

		1997		1996	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	2		798,842		1,095,999
CURRENT ASSETS:					
Stocks		155,564		243,789	
Debtors		46,135		14,639	
Cash at bank and in hand		13,873		18,512	
		<u>215,572</u>		<u>276,940</u>	
CREDITORS: Amounts falling due within one year	3	<u>400,016</u>		<u>710,891</u>	
NET CURRENT LIABILITIES:			<u>(184,444)</u>		<u>(433,951)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			614,398		662,048
CREDITORS: Amounts falling due after more than one year	3		<u>301,825</u>		<u>412,348</u>
			<u>£312,573</u>		<u>£249,700</u>
CAPITAL AND RESERVES:					
Called up share capital	4		1,000		1,000
Profit and loss account			311,573		248,700
Shareholders' funds			<u>£312,573</u>		<u>£249,700</u>

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


R L Bhardwaj - DIRECTOR

Approved by the Board on 16 January 1998

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1997

1. ACCOUNTING POLICIES

Accounting convention

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of the Freehold Property.

The effect of events relating to the year ended 31 October 1997 which occurred before the date of approval of the Financial Statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at the year end and of the results for the year ended on that date.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

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

Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

The Freehold Property has not been depreciated as in the opinion of the Directors the market value in the future will continue to be in excess of the balance sheet value.

Stocks

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

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

CANEI INTERNATIONAL LIMITED

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 1997**

2. TANGIBLE FIXED ASSETS

	Total
	£
COST:	
At 1 November 1996	1,184,053
Additions	78,525
Disposals	(371,000)
At 31 October 1997	891,578
DEPRECIATION:	
At 1 November 1996	88,054
Charge for year	16,182
Eliminated on disposals	(11,500)
At 31 October 1997	92,736
NET BOOK VALUE:	
At 31 October 1997	798,842
At 31 October 1996	1,095,999

3. CREDITORS

The following secured debts are included within creditors:

	1997	1996
	£	£
Bank overdrafts	95,062	61,726
Bank loans	139,096	409,983
Hire purchase	13,540	17,411
	247,698	489,120

4. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	1997	1996
			£	£
1,000,000	Ordinary shares	1	1,000,000	1,000,000
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	1997	1996
			£	£
1,000	Ordinary shares	1	1,000	1,000

5. TRANSACTIONS WITH DIRECTORS

The directors are also directors of Lion Motors Limited, a dormant company registered in England.