

LAZORON PLC
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995

DIRECTORS	K J Brown J A Clarke D J Bass
SECRETARY	K J Brown
REGISTERED OFFICE	Devon Business Park Saunders Way Kingsmill Industrial Estate Cullompton Devon EX15 1BS
COMPANY NUMBER	1664129
BANKERS	Midland Bank Plc 38 High Street Exeter Devon EX4 3LP
AUDITORS	Francis Clark Southernhay House Southernhay East Exeter Devon EX1 1NX



LAZORON PLC
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995

CONTENTS

Directors' Report	1
Statement of Directors' Responsibilities	2
Auditors' Report	3
Profit and Loss Account	4
Balance Sheet	5
Cashflow Statement	6
Notes to the Financial Statements	7 - 12

LAZORON PLC

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report and financial statements for the year ended 31 December 1995.

REVIEW OF THE BUSINESS

The principle activity of the Company is the distribution of batteries and camera film through a franchise network.

The results of the business are considered satisfactory, bearing in mind the depressed state of the market.

Immediately prior to the year end, a large amount of stock was purchased as part of a special deal with one of the company's major suppliers. This has caused the balance sheet position at the year end to appear distorted with respect to stock and creditors.

There have been no significant changes in these activities during the year and the directors envisage that the coming year will be one of controlled expansion of the existing activities.

DIVIDENDS AND RESERVES

The results for the year are set out in the attached profit and loss account. No dividend was paid in the year and the profit has been transferred to reserves.

FIXED ASSETS

Note 9 to the financial statements shows the additions and disposals of fixed assets during the year.

DIRECTORS

The directors who served during the year and their interests in the issued share capital of the company were as follows :

	Ordinary shares of £1 each	
	31.12.95	31.12.94
K J Brown	50,066	50,066
J A Clarke	28,616	28,616
N H Rose (resigned 4 January 1995)	13,886	13,886
D J Bass (appointed 1 July 1995)	26,830	Nil

AUDITORS

Messrs Bush & Co resigned as auditors of the company on 10 June 1995. The directors filled the vacancy by appointing Messrs Francis Clark as auditors for the year to 31 December 1995 in accordance with section 388 of the Companies Act 1985.

A resolution in accordance with section 384 of the Companies Act 1985 for the re-appointment of Messrs Francis Clarke as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD



K. J. BROWN

Director

25 March 1996

LAZORON 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 of the profit and 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 judgements 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.

**AUDITORS' REPORT TO THE MEMBERS OF
LAZORON PLC
YEAR ENDED 31 DECEMBER 1995**

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the 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.

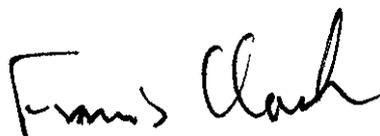
Basis of opinion

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 judgements 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 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Francis Clark
Chartered Accountants

FRANCIS CLARK

Registered Auditor

FRANCIS CLARK
Chartered Accountants
Southernhay House
36 Southernhay East
Exeter EX1 1NX

3. APRIL 1996.

FRANCIS CLARK

FRANCIS CLARK
1000 Broadway
New York, N.Y.
10003
FRANCIS CLARK

LAZORON PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1995

	Note	£	1995 £	£	1994 £
TURNOVER	2		3,183,547		2,320,110
Cost of Sales			<u>2,673,369</u>		<u>1,899,124</u>
GROSS PROFIT			510,178		420,986
Administrative Expenses		461,451		571,229	
Other Operating Income	3	<u>(2,551)</u>		<u>(10,100)</u>	
			<u>458,900</u>		<u>561,129</u>
OPERATING PROFIT			51,278		(140,143)
Interest Receivable	4	(7,554)		(10,351)	
Interest Payable	5	<u>13,795</u>		<u>21,978</u>	
			<u>6,241</u>		<u>11,627</u>
PROFIT / (LOSS) ON ORDINARY					
ACTIVITIES BEFORE TAXATION	6		45,037		(151,770)
Tax on Profit / (Loss) on Ordinary					
Activities	7		<u>1,988</u>		<u>(3,571)</u>
PROFIT / (LOSS) ON ORDINARY					
ACTIVITIES AFTER TAXATION			43,049		(148,199)
Retained (Loss) / Profit b/f			<u>(137,815)</u>		<u>10,384</u>
RETAINED LOSS C/F			<u>(94,766)</u>		<u>(137,815)</u>

There were no recognised gains or losses other than the profit / (loss) for the year.

The notes on pages 7 to 12 form part of these financial statements.

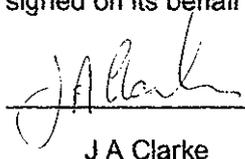
LAZORON PLC

BALANCE SHEET

AS AT 31 DECEMBER 1995

	Note	£	1995 £	£	1994 £
FIXED ASSETS					
Tangible Assets	10		15,657		19,097
CURRENT ASSETS					
Stocks	11	829,578		296,367	
Debtors	12	721,233		465,510	
Cash at Bank and In Hand		<u>72,728</u>		<u>183,813</u>	
		1,623,539		945,690	
CREDITORS: Due within one year	14	<u>1,599,812</u>		<u>965,308</u>	
NET CURRENT ASSETS / (LIABILITIES)			<u>23,727</u>		<u>(19,618)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			39,384		(521)
CREDITORS: Amounts due after more than one year	15		<u>-</u>		<u>3,144</u>
NET ASSETS / (LIABILITIES)			<u>39,384</u>		<u>(3,665)</u>
 Represented By:					
 CAPITAL AND RESERVES					
Called Up Share Capital	17		134,150		134,150
Profit and Loss Account			<u>(94,766)</u>		<u>(137,815)</u>
SHAREHOLDERS FUNDS	19		<u>39,384</u>		<u>(3,665)</u>

The financial statements on pages 4 to 12 were approved by the Board of Directors on 25 March 1996 and signed on its behalf by:



 J A Clarke

The notes on pages 7 to 12 form part of these financial statements.

LAZORON PLC
STATEMENT OF CASHFLOW
YEAR ENDED 31 DECEMBER 1995

	Note	£	1995 £	£	1994 £
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	6b		(237,862)		189,838
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest Paid		(13,579)		(19,789)	
Hire Purchase Interest		(216)		(2,189)	
Interest Received		<u>7,554</u>		<u>10,351</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(6,241)		(11,627)
TAXATION					
Corporation Tax Received / (Paid)			3,571		(3,571)
INVESTING ACTIVITIES					
Payments to acquire Tangible Fixed Assets		(4,560)		(39,242)	
Receipts from sales of Tangible Fixed Assets		<u>1,950</u>		<u>18,900</u>	
CASH OUTFLOW FROM INVESTING ACTIVITIES			<u>(2,610)</u>		<u>(20,342)</u>
NET CASH (OUTFLOW) / INFLOW BEFORE FINANCING			(243,142)		154,298
FINANCING					
Repayment of Hire Purchase		(11,650)		(12,842)	
Hire Purchase taken out		<u>-</u>		<u>21,750</u>	
CASH (OUTFLOW) / INFLOW FROM FINANCING			<u>(11,650)</u>		<u>8,908</u>
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	13		<u>(254,792)</u>		<u>163,206</u>

The notes on pages 7 to 12 form part of these financial statements.

LAZORON PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1995

1 ACCOUNTING POLICIES

The following principal accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements:

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards.

b) Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets over their estimated useful lives as follows:

Plant and Equipment	20% straight line
Display Stands	25% straight line
Motor Vehicles	25% straight line

c) Stocks

Stocks are valued at the lower of cost and net realisable value. In determining the cost the weighted average purchase price is used.

d) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences, except those which are expected, within reasonable probability, to continue in the foreseeable future.

e) Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling and recorded using the rate of exchange ruling at the date of the transaction. Balances denominated in foreign currencies are translated into sterling using the rate of exchange ruling at the balance sheet date. Gains or losses on translation are included in the profit and loss account.

f) Leases and Hire Purchase

Where the company enters into a lease or hire purchase agreement which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over the shorter of its estimated useful life and the lease term. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account as interest; and the capital element, which reduces the outstanding obligation for future instalments. All other leases are operating leases and the rental charges are taken to the profit and loss account on a straight line basis over the life of the lease.

LAZORON PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1995

1 ACCOUNTING POLICIES (continued)

g) Pensions

The company operates a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

h) Franchise Sales

The proceeds from the sale of Franchises have been included within turnover for the year.

i) Going Concern

The financial statements have been prepared on the basis that the company is a going concern.

2 TURNOVER

Turnover represents amounts invoiced by the company in respect of goods and services provided during the year, excluding value added tax. The company's turnover consists of sales wholly within the UK and Southern Ireland.

3 OTHER OPERATING INCOME

	1995	1994
	£	£
Administration recharged	2,051	7,000
Rent	500	3,100
	<u>2,551</u>	<u>10,100</u>

4 INTEREST RECEIVABLE

	1995	1994
	£	£
Interest recharged	7,453	10,351
Interest on Corporation Tax repayment	101	-
	<u>7,554</u>	<u>10,351</u>

5 INTEREST PAYABLE

	1995	1994
	£	£
Interest on bank loans, overdrafts and other loans repayable within five years	13,579	19,789
Hire purchase interest	216	2,189
	<u>13,795</u>	<u>21,978</u>

LAZORON PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1995

6a	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1995 £	1994 £
	Profit before taxation is stated after charging / (crediting) :		
	Directors' emoluments (see note 8 below)	111,394	97,960
	Depreciation of tangible fixed assets		
	- owned	3,990	18,677
	- held under hire purchase and finance leases	2,196	7,785
	Operating lease rentals	1,088	1,012
	Auditors' remuneration (Bush & Co.)		
	- audit services	-	3,200
	- non-audit work	2,615	4,825
	Auditors remuneration (Francis Clark)		
	- audit services	3,000	-
	- non-audit work	3,069	-
	Exchange gain	(1,954)	(5,895)
	(Profit) / loss on sale of fixed assets	<u>(136)</u>	<u>1,132</u>
6b	RECONCILIATION OF NET PROFIT / (LOSS) BEFORE TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES	1995 £	1994 £
	Operating profit / (loss)	51,278	(140,143)
	Depreciation charges	6,186	26,462
	(Profit) / loss on disposal of fixed assets	(136)	1,132
	(Increase) / decrease in stocks	(533,211)	20,952
	(Increase) / decrease in debtors	(259,294)	5,369
	Increase in creditors	497,315	276,066
	Net cash (outflow) / inflow from operations	<u>(237,862)</u>	<u>189,838</u>
7	TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES	1995 £	1994 £
	The taxation charge in the financial statements is comprised as follows:		
	Corporation tax on profit / (loss) for the year at 25%	<u>1,988</u>	<u>(3,571)</u>

The tax charge for the year is reduced by the utilisation of trading losses brought forward.

LAZORON PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1995

8 STAFF COSTS	1995	1994
	£	£
The average number of persons employed by the company (including directors) during the year was as follows:		
Administration	7	7
Warehouse	2	2
Sales	2	3
	<u>11</u>	<u>12</u>

The aggregate payroll costs of these persons were as follows:

Wages and salaries	189,186	222,529
Social security costs	18,554	19,321
Other pension costs	7,465	7,537
	<u>215,205</u>	<u>249,387</u>

9 DIRECTORS' EMOLUMENTS	1995	1994
	£	£
Emoluments (including pension contributions)	<u>111,394</u>	<u>97,960</u>

The emoluments, excluding pension contributions, of the highest paid director were £49,167 (1994: £45,434).

Number of other directors whose emoluments, excluding pension contributions, were between:

	1995	1994
£5,001 - £10,000	1	-
£40,001 - £45,000	-	1
£45,001 - £50,000	1	-

10 TANGIBLE FIXED ASSETS	Plant and Equipment	Display Stands	Motor Vehicles	Leasehold Property	Total
COST					
At 1 January 1995	68,479	40,531	52,822	2,141	163,973
Additions	710	-	3,850	-	4,560
Disposals	(542)	-	(8,800)	-	(9,342)
At 31 December 1995	<u>68,647</u>	<u>40,531</u>	<u>47,872</u>	<u>2,141</u>	<u>159,191</u>
DEPRECIATION					
At 1 January 1995	62,074	40,531	40,130	2,141	144,876
Charge for the year	2,789	-	3,397	-	6,186
Disposals	(328)	-	(7,200)	-	(7,528)
At 31 December 1995	<u>64,535</u>	<u>40,531</u>	<u>36,327</u>	<u>2,141</u>	<u>143,534</u>
NET BOOK VALUES					
At 31 December 1995	<u>4,112</u>	<u>-</u>	<u>11,545</u>	<u>-</u>	<u>15,657</u>
At 31 December 1994	<u>6,405</u>	<u>-</u>	<u>12,692</u>	<u>-</u>	<u>19,097</u>

LAZORON PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1995

10 TANGIBLE FIXED ASSETS (continued)

Included in the total net book value of £15,812 were the following assets held under hire purchase agreements:

	Motor Vehicles
COST	<u>12,349</u>
DEPRECIATION	
At 1 January 1995	2,058
Charge for the year	2,196
Disposals	-
At 31 December 1995	<u>4,254</u>
NET BOOK VALUE	
At 31 December 1995	<u><u>8,095</u></u>

11 STOCKS

	1995 £	1994 £
Consumables and stands	2,022	2,024
Goods for resale	<u>827,556</u>	<u>294,343</u>
	<u>829,578</u>	<u>296,367</u>

12 DEBTORS

	1995 £	1994 £
Due within one year:		
Trade debtors	638,122	453,629
Other debtors	44,833	7,995
Prepayments	<u>20,078</u>	<u>3,886</u>
	703,033	465,510
Due after more than one year:		
Trade debtors	<u>18,200</u>	-
	<u>721,233</u>	<u>465,510</u>

13 CHANGES IN CASH AND CASH EQUIVALENTS

	1995 £	1994 £	Change in year £
Cash at bank and in hand	72,728	183,813	(111,085)
Bank overdrafts	<u>(335,917)</u>	<u>(192,210)</u>	<u>(143,707)</u>
	<u>(263,189)</u>	<u>(8,397)</u>	<u>(254,792)</u>

LAZORON PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1995

14	CREDITORS: Due within one year	1995 £	1994 £
	Bank loans and overdrafts	335,917	192,210
	Trade creditors	867,584	702,197
	Taxation and Social Security	20,413	21,884
	Corporation tax	1,988	-
	Hire purchase	2,019	10,525
	Accruals	371,891	38,492
		<u>1,599,812</u>	<u>965,308</u>

The overdraft is secured by a fixed charge over debts, a floating charge over all fixed assets and a first legal charge over the leasehold property. The loan of £148,794 (1994: £141,165) is secured on discounted trade debts.

15	CREDITORS: Due after more than one year	1995 £	1994 £
	Hire purchase	<u>-</u>	<u>3,144</u>

16 LEASING COMMITMENTS

At 31 December 1995, the company has annual commitments under non-cancellable operating leases as follows:

	1995		1994	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	-
Two to five years	-	-	-	1,012
Over five years	26,400	1,318	39,600	-
	<u>26,400</u>	<u>1,318</u>	<u>39,600</u>	<u>1,012</u>

17	SHARE CAPITAL	1995 £	1994 £
	Ordinary shares of £1 each:		
	Authorised	<u>200,000</u>	<u>200,000</u>
	Allotted, called up and fully paid	<u>134,150</u>	<u>134,150</u>

18 TRANSACTIONS INVOLVING DIRECTORS

The company paid property rentals totalling £40,100 (1994: £39,600) during the year to K J Brown and J A Clarke, who are directors of the company.

19	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS	1995 £	1994 £
	Opening shareholders funds	(3,665)	144,534
	Profit / (loss) for the year	43,049	(148,199)
	Closing shareholders funds	<u>39,384</u>	<u>(3,665)</u>