

Registered number: 1664129

LAZORON PLC

Annual Report

Year Ended 31 December 1996



FRANCIS

CLARK
CHARTERED
ACCOUNTANTS

LAZORON PLC

Annual Report

Year Ended 31 December 1996

Contents	Page
Officers and Professional Advisers	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Auditors' Report to The Members	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes and Accounting Policies	8



LAZORON PLC

Officers and Professional Advisers

Directors: K J Brown
J A Clarke
D J Bass
C Clarke (appointed June 1996)
J R Brookes (appointed June 1996)

Secretary: K J Brown

Bankers: Midland Bank Plc
38 High Street
Exeter
Devon
EX4 3LP

Auditors: Francis Clark
Chartered Accountants
Southernhay House
36 Southernhay East
Exeter
Devon
EX1 1NX



LAZORON PLC

Directors' Report

The directors submit their report and the audited financial statements for the year ended 31 December 1996.

Results and Dividends

The trading profit for the year after tax was £106,902. Retained profit of £106,902 will be transferred to reserves.

Principal activity

The company's principal activity during the year was the distribution of batteries and camera film through a franchise network.

The directors are pleased with the significant growth in both turnover and profitability reported for the year. It is their intention to reinvest cash generated in the business to provide further working capital. Therefore no dividend has been declared for the year and this continues to be the directors' policy for the near future.

Directors

The directors who served during the year are listed on page 1.

Directors' Interests

The directors' interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31.12.96	At 31.12.95
K J Brown	50,066	50,066
J A Clarke	28,616	28,616
D J Bass	26,830	26,830
C Clarke (appointed June 1996)	-	-
J R Brookes (appointed June 1996)	-	-

Creditor payment policy

It is company policy to settle all debts with its creditors on a timely basis, taking account of the credit period given by each supplier.

Auditors

A resolution to reappoint the auditors, Francis Clark, Chartered Accountants, will be proposed at the annual general meeting.

By Order of the Board

C L Clarke
Secretary



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 or 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.



LAZORON PLC

Auditors' Report to the Members

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

As described on page 3 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. 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 1996 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
Southernhay House
36 Southernhay East
Exeter
Devon EX1 1NX



Registered Auditors

10 June 1997



LAZORON PLC

Profit and Loss Account

Year Ended 31 December 1996

	Notes	1996 £	1995 £
Turnover	2	7,785,071	3,183,547
Cost of sales		(7,013,055)	(2,673,369)
Gross profit		772,016	510,178
Administrative expenses		(657,274)	(461,451)
		114,742	48,727
Other operating income		-	2,551
Operating profit		114,742	51,278
Interest receivable		18,972	7,554
Interest payable	3	(15,735)	(13,795)
Profit on ordinary activities before taxation	4	117,979	45,037
Tax on profit on ordinary activities	7	(11,077)	(1,988)
Retained profit transferred to reserves	13	106,902	43,049

Movements on reserves are set out in note 13 on page 12.

The company has no recognised gains or losses other than the profit for the year.

The company's results are derived from continuing activities.



LAZORON PLC

Balance Sheet

31 December 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	8	<u>52,543</u>	<u>15,657</u>
Current assets			
Stocks	9	2,182,674	829,578
Debtors	10	1,141,791	721,233
Cash at bank and in hand		<u>1,344</u>	<u>72,728</u>
		3,325,809	1,623,539
Creditors - Amounts falling due within one year	11	<u>(3,232,066)</u>	<u>(1,599,812)</u>
Net current assets		93,743	23,727
Total assets less current liabilities		<u>146,286</u>	<u>39,384</u>
Capital and reserves			
Called up share capital	12	134,150	134,150
Profit and loss account	13	<u>12,136</u>	<u>(94,766)</u>
Shareholders' funds	13	<u>146,286</u>	<u>39,384</u>

Approved by the Board on 10/6/97 and signed on its behalf by



Director



LAZORON PLC

Cash Flow Statement

Year Ended 31 December 1996

	Notes	1996 £	1995 £
Net cash inflow/(outflow) from operating activities	15	<u>5,359</u>	<u>(237,862)</u>
Returns on investments and servicing of finance			
Interest received		18,972	7,554
Interest paid		(15,635)	(13,579)
Hire purchase interest		<u>(100)</u>	<u>(216)</u>
Net cash inflow/(outflow) from returns on investments and servicing of finance		<u>3,237</u>	<u>(6,241)</u>
Taxation			
Corporation tax (paid)/received		<u>(1,988)</u>	<u>3,571</u>
Investing activities			
Payments to acquire tangible fixed assets		(52,903)	(4,560)
Receipts from sales of tangible fixed assets		<u>4,000</u>	<u>1,950</u>
Net cash outflow from investing activities		<u>(48,903)</u>	<u>(2,610)</u>
Net cash outflow before financing		<u>(42,295)</u>	<u>(243,142)</u>
Financing			
Repayment of hire purchase	16	<u>(2,019)</u>	<u>(11,650)</u>
Net cash outflow from financing		<u>(2,019)</u>	<u>(11,650)</u>
Decrease in cash and cash equivalents	17	<u>(44,314)</u>	<u>(254,792)</u>



LAZORON PLC

Notes and Accounting Policies

Year Ended 31 December 1996

1 Accounting Policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

(a) **Tangible fixed assets and depreciation**

Tangible assets are depreciated by equal instalments over their estimated useful lives, at the following rates:

Leasehold property	Over the term of the lease
Plant and equipment	20%
Display stands	25%
Motor vehicles	25%

(b) **Stock**

Stock is stated at the lower of cost and net realisable value. In determining the cost the weighted average purchase price is used.

(c) **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.

(d) **Leased assets**

Fixed assets leased under finance leases are capitalised and depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding. The costs of operating leases are charged to the profit and loss account as they accrue.

(e) **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.

(f) **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.

2 Turnover

Turnover represents amounts invoiced by the company in respect of goods and services provided during the year, excluding value added tax.



LAZORON PLC

Notes and Accounting Policies

Year Ended 31 December 1996

3 Interest Payable

	1996 £	1995 £
On bank loans, overdrafts and other loans repayable within 5 years, not by instalments	15,635	13,579
Hire purchase interest	100	216
	<u>15,735</u>	<u>13,795</u>

4 Profit on Ordinary Activities Before Taxation

The profit on ordinary activities before taxation is after charging:

Directors' emoluments (note 5)	113,891	111,394
Auditors' remuneration		
-audit services	8,300	3,000
-non-audit work	1,784	3,069
Operating lease rentals		
- land and buildings	32,000	26,400
- other	1,318	1,088
Depreciation and amortisation written off tangible fixed assets	11,430	6,186
Loss on disposal of tangible fixed assets	587	-
and after crediting:		
Exchange gain	-	(1,954)
Profit on disposal of tangible fixed assets	-	(136)

5 Directors' Emoluments

	1996 £	1995 £
Salaries	97,640	103,929
Other emoluments including pension contributions	16,251	7,465
	<u>113,891</u>	<u>111,394</u>

Directors' emoluments, excluding pension contributions, were as follows:

Chairman and highest paid director	41,335	49,167
Emoluments of other directors fell within the following ranges:		
Nil - £5,000	1	-
£5,001 - £10,000	-	1
£20,001 - £25,000	3	-
£45,001 - £50,000	-	1



LAZORON PLC

Notes and Accounting Policies

Year Ended 31 December 1996

6	Staff	1996 Number	1995 Number
	Average number employed in the year:	<u>19</u>	<u>11</u>
	Aggregate amounts paid in respect of:	£	£
	Wages and salaries	263,585	189,186
	Social Security costs	21,797	18,554
	Other pension costs	7,792	7,465
		<u>293,174</u>	<u>215,205</u>

7	Taxation	1996 £	1995 £
	The taxation charge based on the results for the year is made up as follows:		
	UK corporation tax at 24.2% (1995 - 25%)	<u>11,077</u>	<u>1,988</u>

The charge for the year has been reduced by the utilisation of trading losses brought forward.

8	Fixed Assets - Tangible	Plant and equipment £	Display stands £	Motor vehicles £	Leasehold property £	Total £
	Cost					
	At 1 January 1996	68,647	40,531	47,872	2,141	159,191
	Additions	30,153	-	22,750	-	52,903
	Disposals	-	-	(8,799)	-	(8,799)
	At 31 December 1996	<u>98,800</u>	<u>40,531</u>	<u>61,823</u>	<u>2,141</u>	<u>203,295</u>
	Depreciation					
	At 1 January 1996	64,535	40,531	36,327	2,141	143,534
	Charge for year	4,144	-	7,286	-	11,430
	Eliminated on disposals	-	-	(4,212)	-	(4,212)
	At 31 December 1996	<u>68,679</u>	<u>40,531</u>	<u>39,401</u>	<u>2,141</u>	<u>150,752</u>
	Net book amounts					
	At 31 December 1996	<u>30,121</u>	<u>-</u>	<u>22,422</u>	<u>-</u>	<u>52,543</u>
	At 31 December 1995	<u>4,112</u>	<u>-</u>	<u>11,545</u>	<u>-</u>	<u>15,657</u>

LAZORON PLC

Notes and Accounting Policies

Year Ended 31 December 1996

9 Stock	1996	1995
	£	£
Consumables and stands	2,413	2,022
Goods for resale	2,180,261	827,556
	<u>2,182,674</u>	<u>829,578</u>
 10 Debtors	 1996	 1995
	£	£
Due within one year:		
Trade debtors	1,077,215	638,122
Prepayments	9,469	20,078
Other debtors	21,707	44,833
	<u>1,108,391</u>	<u>703,033</u>
Due after more than one year:		
Other debtors	33,400	18,200
	<u>1,141,791</u>	<u>721,233</u>
 11 Creditors	 1996	 1995
	£	£
Amounts falling due within one year:		
Bank loans and overdrafts	308,847	335,917
Trade creditors	2,768,039	1,196,525
Corporation tax payable 1 October 1997	11,077	1,988
Other taxation and social security	25,307	20,413
Hire purchase instalments	-	2,019
Accruals	93,796	42,950
Other creditors	25,000	-
	<u>3,232,066</u>	<u>1,599,812</u>

The bank 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 £141,090 (1995: £148,794) is secured on discounted trade debts.



LAZORON PLC

Notes and Accounting Policies

Year Ended 31 December 1996

12 Share Capital

There was no change in share capital during the year.

	Authorised £	Allotted and fully paid £
Ordinary shares of £1 each	<u>200,000</u>	<u>134,150</u>

13 Movement in Shareholders' Funds

	Share capital £	Profit and loss account £	1996 £	1995 £
At 1 January	134,150	(94,766)	39,384	(3,665)
Retained profit	-	106,902	106,902	43,049
At 31 December	<u>134,150</u>	<u>12,136</u>	<u>146,286</u>	<u>39,384</u>

14 Financial Commitments

	Land and buildings £	1996 Other £	Land and buildings £	1995 Other £
Operating Leases				
At 31 December 1996, the company had annual commitments under non-cancellable operating leases that expire as follows:				
Over five years	<u>32,000</u>	<u>1,318</u>	<u>26,400</u>	<u>1,318</u>

15 Reconciliation of Operating Profit to Net Cash Inflow From Operating Activities

	1996 £	1995 £
Operating profit	114,742	51,278
Depreciation charges	11,430	6,186
Loss/(profit) on sale of tangible fixed assets	587	(136)
Increase in stocks	(1,353,096)	(533,211)
Increase in debtors	(420,558)	(259,294)
Increase in creditors	1,652,254	497,315
Net cash inflow/(outflow) from operating activities	<u>5,359</u>	<u>(237,862)</u>



LAZORON PLC

Notes and Accounting Policies

Year Ended 31 December 1996

16 Analysis of Changes in Financing During the Year

	Hire purchase 1996 £	1995 £
Balance at 1 January	2,019	13,669
Cash outflow from financing	(2,019)	(11,650)
Balance at 31 December	-	2,019

17 Analysis of Changes in Cash and Cash Equivalents During the Year

	1996 £	1995 £
Balance at 1 January	(263,189)	(8,397)
Net cash outflow	(44,314)	(254,792)
Balance at 31 December	(307,503)	(263,189)

18 Analysis of the Balances of Cash and Cash Equivalents as Shown in the Balance Sheet and Changes During the Year

	At 1 1.96 £	Net cash (outflow)/ inflow £	At 31.12.96 £
Cash at bank and in hand	72,728	(71,384)	1,344
Bank overdrafts	(335,917)	27,070	(308,847)
	(263,189)	(44,314)	(307,503)

19 Transactions involving directors

The company paid property rentals totalling £32,000 (1995:£40,100) during the year to K J Brown and J A Clarke who are directors of the company.

During the year, the company received a loan of £25,000 from A R Banbury & Company Limited, a company of which K J Brown and J A Clarke are directors. This loan was interest free, and has been repaid after the year end.



LAZORON PLC**Management Information**

Profit and Loss Account Analysis

Year Ended 31 December 1996

	1996		1995	
	£	£	£	£
Turnover		7,785,071		3,183,547
Cost of sales				
Opening stock	829,578		296,367	
Purchases	8,347,428		3,191,316	
Closing stock	(2,182,674)		(829,578)	
Sales commission	18,723		15,264	
		7,013,055		2,673,369
Gross profit		772,016		510,178
Other operating income				
Interest recharged	15,567		7,453	
Administration recharged	-		2,051	
Rent	-		500	
Interest on corporation tax repayment	-		101	
		15,567		10,105
		787,583		520,283
Overhead expenses				
Promotional stands and equipment	2,652		2,379	
Rent, rates and repairs	42,916		50,319	
Insurance	10,498		5,511	
Light and heat	1,811		1,644	
Packing costs and carriage out	77,974		35,853	
Equipment hire and repairs	706		722	
Travel, hotels, subsistence and entertaining	17,530		5,454	
Motor expenses	21,622		23,532	
Advertising and franchisee costs	10,782		4,060	
Salaries and NIC	293,174		207,740	
Professional fees	7,236		10,982	
Telephone and fax	13,037		8,534	
Printing, postage and stationery	14,261		10,289	
Audit and accountancy fees	10,992		9,540	
Bank and factor company charges	36,353		28,162	
Computer costs	3,184		1,452	
Sundry expenses	6,222		3,529	
Pension costs	7,792		7,465	
Hire purchase and lease charges	1,418		1,305	
Bank and factor company interest	12,230		13,579	
Discounts allowed (net)	22,210		18,623	
Depreciation	11,430		6,186	
Loss/(profit) on sale of fixed assets	587		(136)	
Exchange gain	-		(1,954)	
Bad debts	42,987		20,476	
		669,604		475,246
Net profit before taxation		117,979		45,037



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FRANCIS

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