

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2008
FOR
LAZORON PLC**



LAZORON PLC

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2008**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	5
Profit and Loss Account	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Cash Flow Statement	10
Notes to the Financial Statements	12

LAZORON PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31 JANUARY 2008

DIRECTORS: S Chadha
M Clinch

SECRETARY: M Clinch

REGISTERED OFFICE: South View Estate
Willand
CULLOMPTON
Devon
EX15 2QW

REGISTERED NUMBER: 1664129 (England and Wales)

AUDITORS: Bush & Company
Registered Auditor &
Chartered Accountants
2 Barnfield Crescent
Exeter
Devon
EX1 1QT

LAZORON PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JANUARY 2008

The directors present their report with the financial statements of the company for the year ended 31 January 2008.

CESSATION OF TRADING

The company ceased trading in March 2008.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of distributor of dry cell batteries, photographic products, hosiery and other general household goods.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

FAIR REVIEW OF THE BUSINESS

The key financial highlights are as follows:

	12m to 31 Jan 2008	10m to 31 Mar 2007	12m to 31 Mar 2006
	£000	£000	£000
Turnover	5,309	5,672	6,854
Gross profit margin	16%	18%	17%
Profit/ (Loss) before tax	(148)	101	(163)

PRINCIPLE RISKS AND UNCERTAINTIES

The company's trade came under pressure during the year due to the continuing decline of the photographic film market as customers transfer to digital technology and the loss of a large contract with the Co-op to supply small household goods. The Co-op transferred the sourcing of these products to China. Consequently, the business was sold immediately after the year end and it relocated to Manchester in March 2008. The company ceased trading in March 2008 and a portion of the trade was transferred to the holding company.

DIVIDENDS

No dividends will be distributed for the year ended 31 January 2008.

FUTURE DEVELOPMENTS

Following the year end, the company was sold as a going concern to Supreme Imports Limited on 4 February 2008.

LAZORON PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JANUARY 2008

DIRECTORS

The directors who have held office during the period from 1 February 2007 to the date of this report are as follows:

G N Wheller - resigned 31 October 2007

S Chadha and M Clinch were appointed as directors after 31 January 2008 but prior to the date of this report.

J A Clarke , D J Bass and Mrs C L Clarke ceased to be directors after 31 January 2008 but prior to the date of this report.

COMPANY'S POLICY ON PAYMENT OF CREDITORS

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. Creditor days 2008: 41

FINANCIAL INSTRUMENTS

The companies financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors, loans to the company and finance lease agreements. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest, a medium term loan where the company has managed to fix the interest rate. The company manages the liquidity risk by ensuring there are sufficient funds to meet the payments.

The company is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed in the same way as the loans above.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

LAZORON PLC

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JANUARY 2008**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors have made themselves aware of all relevant audit information. The auditors have been informed of all this information.

ON BEHALF OF THE BOARD:

..... M. Clinch
M Clinch - Secretary

Date: 01 June 2009

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF LAZORON PLC

We have audited the financial statements of Lazoron Plc for the year ended 31 January 2008 on pages seven to twenty one. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page four.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
LAZORON PLC

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.



Registered Auditor &
Chartered Accountants
2 Barnfield Crescent
Exeter
Devon
EX1 1QT

Date: 3 June 2009

LAZORON PLC

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2008**

		Year Ended 31.1.08 £	Period 1.4.06 to 31.1.07 £
	Notes		
TURNOVER		5,309,197	5,671,971
Cost of sales		<u>4,457,615</u>	<u>4,650,270</u>
GROSS PROFIT		851,582	1,021,701
Administrative expenses		<u>960,989</u>	<u>882,931</u>
OPERATING (LOSS)/PROFIT	3	(109,407)	138,770
Interest payable and similar charges	4	<u>38,093</u>	<u>37,884</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(147,500)	100,886
Tax on (loss)/profit on ordinary activities	5	<u>9,277</u>	<u>20,553</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(156,777)</u>	<u>80,333</u>

DISCONTINUING OPERATIONS

The company's activities discontinued in March 2008 following the sale of the company immediately after the year end when the trade was transferred to the holding company.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous period.

LAZORON PLC

BALANCE SHEET
31 JANUARY 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Intangible assets	6	-	13,531
Tangible assets	7	-	96,174
		-	109,705
CURRENT ASSETS			
Assets held for resale	7	12,703	
Stocks	8	331,149	707,208
Debtors	9	593,456	1,052,439
Cash in hand		-	1,428
		937,308	1,761,075
CREDITORS			
Amounts falling due within one year	10	946,735	1,471,628
NET CURRENT (LIABILITIES)/ASSETS		(9,427)	289,447
TOTAL ASSETS LESS CURRENT LIABILITIES		(9,427)	399,152
CREDITORS			
Amounts falling due after more than one year	11	-	251,802
NET (LIABILITIES)/ASSETS		(9,427)	147,350
CAPITAL AND RESERVES			
Called up share capital	15	134,150	134,150
Profit and loss account	16	(143,577)	13,200
SHAREHOLDERS' FUNDS	19	(9,427)	147,350

The financial statements were approved by the Board of Directors on 01 JUNE 2009 and were signed on its behalf by:



S Chadha - Director

LAZORON PLC

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2008

	Notes	Year Ended 31.1.08		Period 1.4.06 to 31.1.07	
		£	£	£	£
Net cash inflow from operating activities	1		257,196		306,347
Returns on investments and servicing of finance	2		(38,093)		(37,884)
Taxation			623		-
Capital expenditure	2		<u>2,675</u>		<u>(29,069)</u>
			222,401		239,394
Financing	2		<u>(110,151)</u>		<u>(103,392)</u>
Increase in cash in the period			<u>112,250</u>		<u>136,002</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period			112,250		136,002
Cash outflow from decrease in debt and lease financing			<u>110,151</u>		<u>103,392</u>
Change in net debt resulting from cash flows			<u>222,401</u>		<u>239,394</u>
Movement in net debt in the period			222,401		239,394
Net debt at 1 February			<u>(489,760)</u>		<u>(729,154)</u>
Net debt at 31 January			<u>(267,359)</u>		<u>(489,760)</u>

The notes form part of these financial statements

LAZORON PLC

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2008**

1. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year Ended 31.1.08 £	Period 1.4.06 to 31.1.07 £
Operating (loss)/profit	(109,407)	138,770
Depreciation charges	49,486	59,012
Impairment losses	45,905	-
Brought forward depreciation adjustment	(408)	-
Profit on disposal of fixed assets	(656)	-
Decrease/(Increase) in stocks	376,059	(86,103)
Decrease/(Increase) in debtors	449,083	(67,793)
(Decrease)/Increase in creditors	<u>(552,866)</u>	<u>262,461</u>
Net cash inflow from operating activities	<u>257,196</u>	<u>306,347</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year Ended 31.1.08 £	Period 1.4.06 to 31.1.07 £
Returns on investments and servicing of finance		
Interest paid	(37,606)	(36,667)
Interest element of hire purchase payments	<u>(487)</u>	<u>(1,217)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(38,093)</u>	<u>(37,884)</u>
Capital expenditure		
Purchase of tangible fixed assets	(3,525)	(29,069)
Sale of tangible fixed assets	<u>6,200</u>	<u>-</u>
Net cash inflow/(outflow) for capital expenditure	<u>2,675</u>	<u>(29,069)</u>
Financing		
Loan repayments in year	(97,546)	(98,426)
Capital repayments in year	<u>(12,605)</u>	<u>(4,966)</u>
Net cash outflow from financing	<u>(110,151)</u>	<u>(103,392)</u>

The notes form part of these financial statements

LAZORON PLC

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2008

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.2.07 £	Cash flow £	At 31.1.08 £
Net cash:			
Cash at bank and in hand	1,428	(1,428)	-
Bank overdraft	<u>(129,883)</u>	<u>113,678</u>	<u>(16,205)</u>
	<u>(128,455)</u>	<u>112,250</u>	<u>(16,205)</u>
Debt:			
Hire purchase	(12,605)	12,605	-
Debts falling due within one year	(96,898)	(154,256)	(251,154)
Debts falling due after one year	<u>(251,802)</u>	<u>251,802</u>	<u>-</u>
	<u>(361,305)</u>	<u>110,151</u>	<u>(251,154)</u>
Total	<u>(489,760)</u>	<u>222,401</u>	<u>(267,359)</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2008

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The company ceased trading soon after the year end due to increasing losses, therefore the financial statements have not been prepared on a going concern basis, but are prepared on a "break up" basis. Consequently all assets have been written down to their recoverable amount and provision is included for all liabilities which existed at the balance sheet date. The financial statements have been prepared under the historical cost convention and in accordance with UK GAAP.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

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

Intangible assets

The company has capitalised the development costs of its own brand during the year. The costs are being written off on a 25% straight line basis. Due to the loss of a substantial contract supplying products under the brand the balance of the costs are written off during the year.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant & machinery	- 25% on cost
Fixtures & fittings	- 25% on cost
Motor vehicles	- 25% on cost

Fixtures and fittings located at customers retail outlets were written off during the year when a contract ceased and they held no value.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

LAZORON PLC

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2008**

1. ACCOUNTING POLICIES - continued

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Going Concern

2. STAFF COSTS

	Year Ended 31.1.08 £	Period 1.4.06 to 31.1.07 £
Wages and salaries	429,155	442,375
Social security costs	41,394	42,444
Other pension costs	<u>13,557</u>	<u>13,697</u>
	<u><u>484,106</u></u>	<u><u>498,516</u></u>

The average monthly number of employees during the year was as follows:

	Year Ended 31.1.08	Period 1.4.06 to 31.1.07
Warehouse	6	6
Administration	10	10
Directors	4	4
Sales	<u>6</u>	<u>6</u>
	<u><u>26</u></u>	<u><u>26</u></u>

LAZORON PLC

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2008**

3. OPERATING (LOSS)/PROFIT

The operating loss (2007 - operating profit) is stated after charging/(crediting):

	Year Ended 31.1.08 £	Period 1.4.06 to 31.1.07 £
Hire of plant & machinery	4,569	4,153
Depreciation - owned assets	37,457	47,931
Depreciation - assets on hire purchase contracts	7,215	7,215
Impairment losses	45,905	-
Profit on disposal of fixed assets	(656)	-
Patents & licences amortisation	4,814	3,866
Auditors' remuneration	6,000	5,000
Rent paid under operating lease	84,000	70,000
Motor vehicle operating lease	<u>-</u>	<u>19,236</u>
 Directors' emoluments	 <u>166,638</u>	 <u>142,311</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31.1.08 £	Period 1.4.06 to 31.1.07 £
Bank interest	37,606	36,667
Hire purchase interest	<u>487</u>	<u>1,217</u>
	<u>38,093</u>	<u>37,884</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows:

	Year Ended 31.1.08 £	Period 1.4.06 to 31.1.07 £
Deferred tax	<u>9,277</u>	<u>20,553</u>
Tax on (loss)/profit on ordinary activities	<u>9,277</u>	<u>20,553</u>

LAZORON PLC

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2008**

5. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.1.08 £	Period 1.4.06 to 31.1.07 £
(Loss)/profit on ordinary activities before tax	<u>(147,500)</u>	<u>100,886</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2007 - 19%)	(26,930)	19,168
Effects of:		
Expenses not deductible for tax purposes	525	496
Depreciation in the period in excess of capital allowances	-	4,403
Tax losses carried forward/(utilised)	<u>26,405</u>	<u>(24,067)</u>
Current tax charge	<u>-</u>	<u>-</u>

6. INTANGIBLE FIXED ASSETS

	Patents & licences £
COST	
At 1 February 2007	18,557
Impairment loss	<u>(8,717)</u>
At 31 January 2008	9,840
AMORTISATION	
At 1 February 2007	5,026
Amortisation for year	<u>4,814</u>
At 31 January 2008	9,840
NET BOOK VALUE	
At 31 January 2008	<u>-</u>
At 31 January 2007	<u>13,531</u>

LAZORON PLC

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2008**

7. TANGIBLE FIXED ASSETS

	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Totals £
COST				
At 1 February 2007	164,950	162,274	34,630	361,854
Additions	-	3,525	-	3,525
Disposals	(1,580)	-	(34,630)	(36,210)
Impairment loss	<u>(1,939)</u>	<u>(35,249)</u>	<u>-</u>	<u>(37,188)</u>
At 31 January 2008	<u>161,431</u>	<u>130,550</u>	<u>-</u>	<u>291,981</u>
DEPRECIATION				
At 1 February 2007	136,247	107,068	22,365	265,680
Charge for year	13,567	23,482	7,215	44,264
Eliminated on disposal	<u>(1,086)</u>	<u>-</u>	<u>(29,580)</u>	<u>(30,666)</u>
At 31 January 2008	<u>148,728</u>	<u>130,550</u>	<u>-</u>	<u>279,278</u>
NET BOOK VALUE				
At 31 January 2008	<u>12,703</u>	<u>-</u>	<u>-</u>	<u>12,703</u>
At 31 January 2007	<u>28,703</u>	<u>55,206</u>	<u>12,265</u>	<u>96,174</u>

The remaining net book value of £12,703 is stated under current assets on the balance sheet as the net realisable value on assets held for resale.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 February 2007	34,630
Disposals	<u>(34,630)</u>
At 31 January 2008	<u>-</u>
DEPRECIATION	
At 1 February 2007	22,365
Charge for year	7,215
Eliminated on disposal	<u>(29,580)</u>
At 31 January 2008	<u>-</u>
NET BOOK VALUE	
At 31 January 2008	<u>-</u>
At 31 January 2007	12,265

8. STOCKS

	2008 £	2007 £
Finished goods	<u>331,149</u>	<u>707,208</u>

LAZORON PLC

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2008**

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Trade debtors	501,289	934,277
Corporation tax	-	623
VAT	14,672	1,323
Deferred tax asset	-	9,277
Woodman Properties Ltd	8,086	-
Prepayments	<u>69,409</u>	<u>106,939</u>
	<u><u>593,456</u></u>	<u><u>1,052,439</u></u>

Deferred tax asset

	2008	2007
	£	£
Deferred tax	-	5,332
Losses available	<u>-</u>	<u>3,945</u>
	<u><u>-</u></u>	<u><u>9,277</u></u>

The deferred tax asset was treated as recoverable in more than one year due to anticipated future taxable profits. Due to current year losses the asset has been written off.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Bank loans and overdrafts (see note 12)	267,359	226,781
Hire purchase contracts (see note 13)	-	12,605
Trade creditors	483,575	882,928
Social security and other taxes	8,433	13,785
Other creditors	518	-
Accruals	<u>186,850</u>	<u>335,529</u>
	<u><u>946,735</u></u>	<u><u>1,471,628</u></u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008	2007
	£	£
Bank loans (see note 12)	<u>-</u>	<u>251,802</u>

LAZORON PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2008

12. LOANS

An analysis of the maturity of loans is given below:

	2008 £	2007 £
Amounts falling due within one year or on demand:		
Bank overdrafts	16,205	129,883
Bank loans	<u>251,154</u>	<u>96,898</u>
	<u>267,359</u>	<u>226,781</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>-</u>	<u>104,822</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>-</u>	<u>146,980</u>

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	2008 £	Hire purchase contracts 2007 £
Gross obligations repayable:		
Within one year	<u>-</u>	<u>13,092</u>
Finance charges repayable:		
Within one year	<u>-</u>	<u>487</u>
Net obligations repayable:		
Within one year	<u>-</u>	<u>12,605</u>

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	2008 £	2007 £	2008 £	2007 £
Expiring:				
Within one year	-	-	-	9,252
Between one and five years	-	-	-	13,141
In more than five years	<u>-</u>	<u>84,000</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>84,000</u>	<u>-</u>	<u>22,393</u>

LAZORON PLC

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2008**

14. SECURED DEBTS

The following secured debts are included within creditors:

	2008 £	2007 £
Bank overdrafts	16,205	129,883
Bank loans	251,154	348,700
Hire purchase contracts	-	12,605
Trade creditor	<u>-</u>	<u>187,969</u>
	<u>267,359</u>	<u>679,157</u>

The bank overdraft facility and bank loan are secured by a fixed and floating charge over all the company's assets.

The bank overdraft facility is also secured by Assignment of Keyman Insurance Policies over the lives of John Clarke and Gareth Wheller in favour of the Bank of Scotland.

The trade creditor is secured by a second floating charge over all the Company's assets.

15. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2008 £	2007 £
200,000	Ordinary shares	£1	<u>200,000</u>	<u>200,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2008 £	2007 £
134,150	Ordinary shares	£1	<u>134,150</u>	<u>134,150</u>

16. RESERVES

	Profit and loss account £
At 1 February 2007	13,200
Deficit for the year	<u>(156,777)</u>
At 31 January 2008	<u>(143,577)</u>

17. ULTIMATE PARENT COMPANY

In the Directors opinion there is no ultimate controlling party at the year end. Following the year end all of the share capital was transferred to Supreme Imports Limited.

18. RELATED PARTY DISCLOSURES

During the period, rentals of £84,000 (2006: £70,000) were paid to Woodman Properties Ltd, a company controlled by J A and C L Clarke.

LAZORON PLC

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2008**

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
(Loss)/Profit for the financial year	<u>(156,777)</u>	<u>80,333</u>
Net (reduction)/addition to shareholders' funds	(156,777)	80,333
Opening shareholders' funds	<u>147,350</u>	<u>67,017</u>
Closing shareholders' funds	<u>(9,427)</u>	<u>147,350</u>

20. CONSIGNMENT STOCK

At 31 January 2008 stock to the value of £nil (2007: £19,534) was held by Lazoron Plc on consignment. The terms of the agreements are that the stock remains the property of the suppliers until the goods are sold. Consignment stock has not been included in stock or creditors.