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AMSTRAD CONSUMER ELECTRONICS LIMITED

REPORT AND ACCOUNTS

30th June 1979

Mordant Latham & Co.,
Tower House,
Southampton Street,
London, WC2E 7HZ.

Touche Ross & Co.,
3, London Wall Buildings,
London, EC2M 5PH.



AMSTRAD CONSUMER ELECTRONICS LIMITED

REPORT AND ACCOUNTS

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AMSTRAD CONSUMER ELECTRONICS LIMITEDOFFICERS AND PROFESSIONAL ADVISERS

Directors: A.M. Sugar (Chairman)
Mrs. A. Sugar

Secretary: J. Rice

Registered Office: Tower House,
Southampton Street,
London, WC2E 7HZ.

Joint Auditors: Mordant Latham & Co.,
Accountants
Touche Ross & Co
Chartered Accountants

Bankers: Lloyds Bank Limited.,
19 Upper Street,
Islington,
London, N1 0PJ.

Solicitors: Herbert Smith & Co.,
Watling House,
35-37, Cannon Street,
London, EC4M 55D.

AMSTRAD CONSUMER ELECTRONICS LIMITEDDIRECTORS' REPORT

The Directors present their report and the audited accounts of the company for the year ended 30th June 1979.

1. Principal activities

The principal activities of the company are those of manufacturers and suppliers of electronic hi-fi equipment.

2. Results

	<u>1979</u> £	<u>1978</u> £
Turnover	£5,597,790	£4,450,521
Profit for the year before taxation	908,311	649,749
Taxation recoverable/(payable)	168,000	(168,123)
Profit for the year after tax	£1,076,311	£ 481,626

3. Dividend

The Directors do not propose to recommend the payment of any dividends on the issued ordinary share capital of the company.

4. Exports

During the year exports to the value of £1,461,467 (1978 - £959,829) were made.

5. Fixed assets

Changes in fixed assets are detailed in note 7 to the accounts.

A revaluation of the freehold property at Garman Road has been undertaken by Messrs. Chamberlain & Willows, Surveyors and Valuers, resulting in a surplus of £76,520 over the original cost and this surplus has been brought into the accounts as an addition to reserves.

During the year, the company purchased a leasehold factory and plant and equipment for £42,800 for the manufacture of loudspeakers and a freehold property surplus to requirements was disposed of at a profit of £7,987.

AMSTRAD CONSUMER ELECTRONICS LIMITEDDIRECTORS' REPORT

(continued)

6. Directors

The Directors who served during the year and their respective interests in all the fully paid £1 Ordinary Shares of the Company, which holdings remained unchanged throughout the year were:-

	<u>£1 Ordinary shares</u>
A.M. Sugar	59,800
A. Sugar	200

7. Close company status

The close company provisions of the Income and Corporation Taxes Act 1970 do apply to this company.

8. Auditors

Messrs, Touche Ross & Co. were appointed as joint auditors with Messrs. Mordant Latham & Co. during the year. A resolution for the re-appointment of Messrs. Mordant Latham & Co and Messrs Touche Ross & Co as joint auditors of the company will be proposed at the Annual General Meeting.

By Order of the Board

J. RICE

Secretary

31st October 1979

REPORT OF THE AUDITORS TO THE MEMBERS OF
AMSTRAD CONSUMER ELECTRONICS LIMITED

In our opinion the accounts and notes on pages 5 to 12, which have been prepared under the historical cost convention including the revaluation of a freehold property, comply with the Companies Acts 1948 and 1967 and give a true and fair view of the state of the company's affairs at 30th June 1979 and of its profit and source and application of funds for the year ended on that date.

Mordunthathambis
Accountants

31st October 1979

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Chartered Accountants

AMSTRAD CONSUMER ELECTRONICS LIMITEDPROFIT AND LOSS ACCOUNTfor the year ended 30th June 1979

	<u>Note</u>	<u>1979</u> £	<u>1978</u> £
Turnover	1(d)	£5,597,790	£4,450,521
Trading profit from operations	2	908,311	649,749
Taxation recoverable/(payable)	3(a)	168,000	(168,123)
Profit after taxation		1,076,311	481,626
Dividend		-	-
Profit retained and transferred to reserves	9	£1,076,311	£ 481,626

AMSTRAD CONSUMER ELECTRONICS LIMITED

BALANCE SHEET 30th June 1979

	<u>Note</u>	£	<u>1979</u>	£	£	<u>1978</u>	£
Current assets							
Cash at bank and in hand			401			69,118	
Corporation tax recoverable	3		163,773			-	
Debtors			799,424			596,015	
Stock	4		2,922,253			1,493,701	
Associated company	5		293			293	
			<hr/>			<hr/>	
				3,886,144			2,159,127
Current liabilities							
Bank overdraft (secured)	6		633,916			-	
Creditors			798,836			491,876	
Bills payable			348,793			328,306	
Corporation tax	3		-			168,000	
			<hr/>			<hr/>	
				1,781,545			988,182
Net current assets				<hr/>		<hr/>	
				2,104,599			1,170,945
Fixed assets							
	7			756,705			537,528
				<hr/>		<hr/>	
				£2,861,304			£1,708,473
				<hr/> <hr/>		<hr/> <hr/>	
Financed by:-							
Share capital	8			60,000			60,000
Reserves	9			2,801,304			1,648,473
				<hr/>		<hr/>	
				£2,861,304			£1,708,473
				<hr/> <hr/>		<hr/> <hr/>	

A. M. Sugar
A. Sugar

A.M. SUGAR)
)
) Directors
)
A. SUGAR)

AMSTRAD CONSUMER ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

for the year ended 30th June 1979

1. Accounting policies

a) Basis of accounts

The accounts have been prepared under the historical cost convention including the revaluation of a freehold property.

b) Fixed assets

These are shown at cost. Depreciation is provided to write off the cost in equal annual instalments at the following rates:-

Plant and equipment	-	20%
Fixtures and Fittings	-	10%
Motor vehicles	-	25%
Aircraft	-	10%

The leasehold property is amortised over the life of the lease.

A freehold property has been revalued at the end of the year. Depreciation was not provided on freehold buildings in the year contrary to SSAP12. Depreciation on the revalued amount will be provided in future years.

c) Stock

Stock is valued at the lower of invoiced cost to the company or net realisable value.

d) Turnover

Turnover consists of the total sales invoiced to customers during the year exclusive of VAT.

e) Deferred tax

Provision is made in the accounts for U.K. Corporation Tax deferred by reason of accelerated capital allowances, stock appreciation relief and other timing differences, except to the extent that such timing differences can be demonstrated with reasonable probability to continue in the future.

2. Profit from operations

a) Profit from operations is after charging:

	<u>1979</u>	<u>1978</u>
	£	£
Directors' remuneration	39,000	27,500
Auditors' remuneration	10,000	5,260
Depreciation	64,015	28,445
Bank interest	61,338	44,481
	<u> </u>	<u> </u>

AMSTRAD CONSUMER ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

for the year ended 30th June 1979

(continued)

<u>2. Profit from operations</u>	(continued)	<u>1979</u>	<u>1978</u>
		£	£
	and crediting:-	139	288
	Interest received	2,834	2,910
	Rent receivable	7,987	-
	Profit on sale of freehold property	9,815	(1,500)
	Profit on sale of other fixed assets	<u> </u>	<u> </u>
b)	Additional information concerning directors' remuneration:		
	Emoluments of the highest paid director	£26,625	£14,000
		<u> </u>	<u> </u>
	Scale of directors' remuneration	<u>No.</u>	<u>No.</u>
	£10,001 - £12,500	1	-
	£12,501 - £15,000	-	2
	£25,001 - £27,500	1	-

3. Taxation

a) Profit and loss account

	<u>1979</u>	<u>1978</u>
	£	£
U.K. Corporation Tax at 52% based on the profit for the year	-	(168,000)
U.K. Taxation recoverable	163,773	-
Over/(under) provision in prior years	4,227	(123)
	<u> </u>	<u> </u>
	£168,000	£(168,123)
	<u> </u>	<u> </u>

The credit for taxation for the year is arrived at after taking relief of £73,000 in respect of accelerated capital allowances and £683,000 in respect of stock appreciation relief of which £115,000 cannot be utilised and is carried forward in respect of losses. The taxation charge in 1978 was reduced by £44,000 in respect of accelerated capital allowances, £70,000 in respect of stock appreciation relief and £61,000 in respect of losses brought forward. In all cases the tax deferred is not expected to be payable in the foreseeable future.

The losses carried forward at 30th June 1979 amount to approximately £220,000.

AMSTRAD CONSUMER ELECTRONICS LIMITEDNOTES TO THE ACCOUNTSfor the year ended 30th June 1979(continued)3. Taxation (continued)b) Balance sheet

Following the accounting policy set out in note 1(e), the potential liability for deferred taxation is as set out below. No provisions for deferred tax have been made in the accounts.

	<u>1979</u> £	<u>1978</u> £
Accelerated capital allowances	153,000	80,000
Stock appreciation relief	1,260,000	626,000
Losses carried forward	(115,000)	-
	<hr/>	<hr/>
	1,298,000	706,000
Corporation tax payable if properties were disposed of at their revalued amounts	23,000	-
	<hr/>	<hr/>
	£1,321,000	£706,000
	<hr/> <hr/>	<hr/> <hr/>

4. Stock

	<u>1979</u> £	<u>1978</u> £
Finished goods	1,531,022	833,700
Raw materials and components	959,365	506,664
Goods in transit	431,866	153,337
	<hr/>	<hr/>
	£2,922,253	£1,493,701
	<hr/> <hr/>	<hr/> <hr/>

5. Associated company

The associated company, which is not trading, is:-

A.M. Sugar Properties Limited

6. Bank overdraft

The company has granted a fixed and floating debenture on the assets of the company in favour of Lloyds Bank Limited.

AMSTRAD CONSUMER ELECTRONICS LIMITED

NOTES TO THE ACCOUNTS

for the year ended 30th June 1979

(continued)

7. Fixed assets

	Freehold properties £	Leasehold property £	Plant and machine £
<u>Cost or valuation</u>			
At 30th June 1978			
Reclassification	351,372	-	107,13
Surplus on revaluation	-	-	17,46
Additions during the year	76,520	-	-
	-	1,000	123,55
	427,892	1,000	248,14
Disposals	(14,160)	-	-
At 30th June 1979	£413,732	£1,000	£248,149
Cost	£ 18,732	£1,000	£248,149
Valuation	£395,000	£ -	£ -
<u>Aggregate depreciation</u>			
At 30th June 1978	-	-	52,731
Reclassification	-	-	1,274
On disposals	-	-	-
Charge for the year	-	-	54,005
	-	-	34,992
At 30th June 1979	£ -	£ -	£ 88,997
<u>Net book value</u>			
At 30th June 1979	£413,732	£1,000	£159,152
At 30th June 1978	£351,372	£ -	£ 54,399

A freehold property was valued on the basis of existing use at £395,000 on 30th June 1979. The surplus of £76,520 has been transferred to non-distributable reserves.

June 1979

<u>Plant and machinery</u> £	<u>Fixtures, fittings and equipment</u> £	<u>Motor vehicles</u> £	<u>Aircraft</u> £	<u>Total</u> £
107,130	90,376	55,083	28,000	631,961
17,460	(17,460)	-	-	-
-	-	-	-	76,520
123,559	50,676	66,011	21,822	263,068
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
248,149	123,592	121,094	49,822	971,549
-	(12,200)	(25,968)	(28,000)	(80,328)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
£248,149	£111,392	£ 95,126	£21,822	£891,221
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
£248,149	£111,392	£ 95,126	£21,822	£496,221
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
£ -	£ -	£ -	£ -	£395,000
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
52,731	15,446	24,390	1,866	94,433
1,274	(1,274)	-	-	-
-	(525)	(20,141)	(3,266)	(23,932)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
54,005	13,547	4,249	(1,400)	70,501
34,992	11,094	16,165	1,764	64,015
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
£ 88,997	£ 24,741	£ 20,414	£ 364	£134,516
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
£159,152	£ 86,651	£ 74,712	£21,458	£756,705
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
£ 54,399	£ 74,930	£ 30,693	£26,134	£537,528
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

on 30th June, 1979 by Messrs, Chamberlain & Willows, Surveyors & Es.

AMSTRAD CONSUMER ELECTRONICS LIMITEDNOTES TO THE ACCOUNTSfor the year ended 30th June 1979(continued)8. Share capital

	<u>Authorised</u>	<u>Issued and fully paid</u>	1978
Ordinary shares of £1	£100,000	£60,000	£60,000
	<u> </u>	<u> </u>	<u> </u>

9. Reserves

	<u>Distributable retained profits</u>	<u>Revaluation surplus</u>	<u>Total reserves</u>
	£	£	£
At 1st July 1978	1,648,473	-	1,648,473
Freehold revaluation (note 7)	-	76,520	76,520
Transfer from profit and and loss account	1,076,311	-	1,076,311
	<u> </u>	<u> </u>	<u> </u>
At 30th June 1979	£2,724,784	£76,520	£2,801,304
	<u> </u>	<u> </u>	<u> </u>

10. Capital commitments

	<u>1979</u>	<u>1978</u>
Contracted for but not provided in the accounts	£ Nil	£ Nil
Authorised but not contracted for	£ Nil	£ Nil

11. Contingent liabilities

There were no contingent liabilities at 30th June 1979.

AMSTRAD CONSUMER ELECTRONICS LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDSfor the year ended 30th June 1979

	£	<u>1979</u>	£	£	<u>1978</u>	£
Source of funds						
Net profit before taxation			908,311			649,749
Add:						
Adjustment for item not involving the movement of funds:						
Depreciation	64,015			28,445		
Less:						
Profit on sale of fixed assets	17,802			-		
			<u>46,213</u>			<u>28,445</u>
Total generated from operations			954,524			678,194
Sale of fixed assets			74,198			13,950
			<u>1,028,722</u>			<u>692,144</u>
Applications of funds						
Purchase of fixed assets	263,068			134,392		
Corporation tax paid	163,773			2,723		
			<u>426,841</u>			<u>137,115</u>
			£ 601,881			£555,029
			<u>£ 601,881</u>			<u>£555,029</u>
Increase in working capital						
Stock	1,428,552			219,893		
Debtors	205,395			234,165		
Creditors	(329,433)			(116,509)		
Movement in net liquid assets:						
Cash at bank	(702,633)			217,480		
			<u>£ 601,881</u>			<u>£555,029</u>