

942631 / 65

# AMSTRAD

Amstrad Consumer Electronics  
Public Limited Company

RECORDED  
25 JAN 1982

Annual Report & Accounts  
1980/81



# Directors and Advisers

## The Board of Directors

A. M. Sugar (Chairman and Managing Director)  
 J. L. Rice BA (Financial Director)  
 R. A. Mould (Sales Director)  
 R. J. East MA (Non-Executive Director)  
 N. F. Shearman FCCA (Non-Executive Director)

## Secretary

J. L. Rice BA

## Registered Office

1-7 Garman Road,  
 Tottenham,  
 London N17 0UF

## Auditors

Touche Ross & Co.  
 Chartered Accountants.  
 Hill House,  
 1 Little New Street,  
 London EC4A 3TR

## Registrars

Lloyds Bank Limited.  
 Goring-by-Sea,  
 Worthing.  
 Sussex BN12 6DA

## Bankers

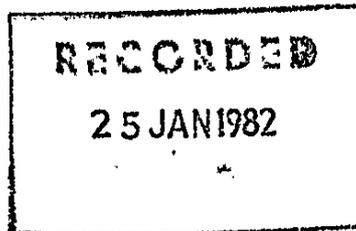
Lloyds Bank Limited.  
 19 Upper Street,  
 Islington.  
 London N1 0PT

## Merchant Bankers

Kleinwort, Benson Limited.  
 20 Fenchurch Street,  
 London EC3P 3DB

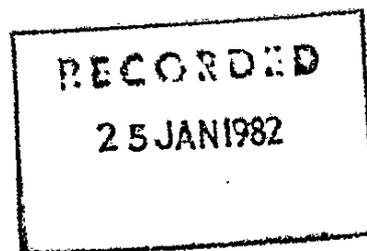
## Solicitors

Herbert Smith & Co.  
 Watling House,  
 35-37 Cannon Street,  
 London EC4M 5SD



# Contents

|                                    | Page |
|------------------------------------|------|
| Directors and Advisers             | 1    |
| Notice of Meeting                  | 2    |
| Financial Summary                  | 3    |
| 5 Year Record                      | 4    |
| Chairman's Statement               | 5    |
| Directors' Report                  | 7    |
| Auditors' Report                   | 9    |
| Profit and Loss Account            | 10   |
| Balance Sheet                      | 11   |
| Source and Application of Funds    | 12   |
| Notes on the Accounts              | 13   |
| Current Cost Accounts              | 17   |
| Notes on the Current Cost Accounts | 20   |
| Proxy Card                         | 23   |



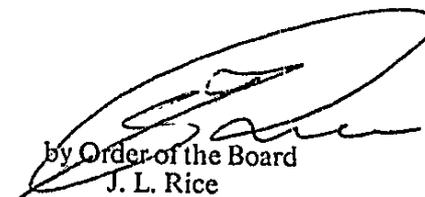


## Notice of Meeting

NOTICE IS HEREBY GIVEN that the 11th ANNUAL GENERAL MEETING OF Amstrad Consumer Electronics plc will be held in Room 100, Great Eastern Hotel, Liverpool Street, London EC2 P2AN on 26th November, 1981, at 12 noon for the following purposes:

1. To receive and adopt the Statement of Accounts for the year ended 30th June, 1981 and the Directors' and Auditors' reports thereon.
2. To declare a dividend.
3. To re-elect a Director.
4. To re-appoint the Auditors and authorise the Directors to fix their remuneration.
5. To transact any other ordinary business of the Company.

26th October, 1981  
1-7, Garman Road,  
Tottenham,  
London N17 0UF

  
by Order of the Board  
J. L. Rice  
Secretary

### Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, and on a poll, vote instead of him. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed with this notice for use in connection with the business set out above. This Form of Proxy must reach the registrars of the Company no later than forty-eight hours before the meeting.
3. Mr. A. M. Sugar, Mr. J. L. Rice and Mr. R. A. Mould have service contracts with the Company. These contracts which are available for inspection at the Registered Office of the Company during office hours, will be available for inspection at the Annual General Meeting. No other Directors have service contracts.
4. Dividend warrants payable on the 27th November, 1981, will be posted to ordinary shareholders who are registered in the books of the Company at the close of business on the 22nd October, 1981.

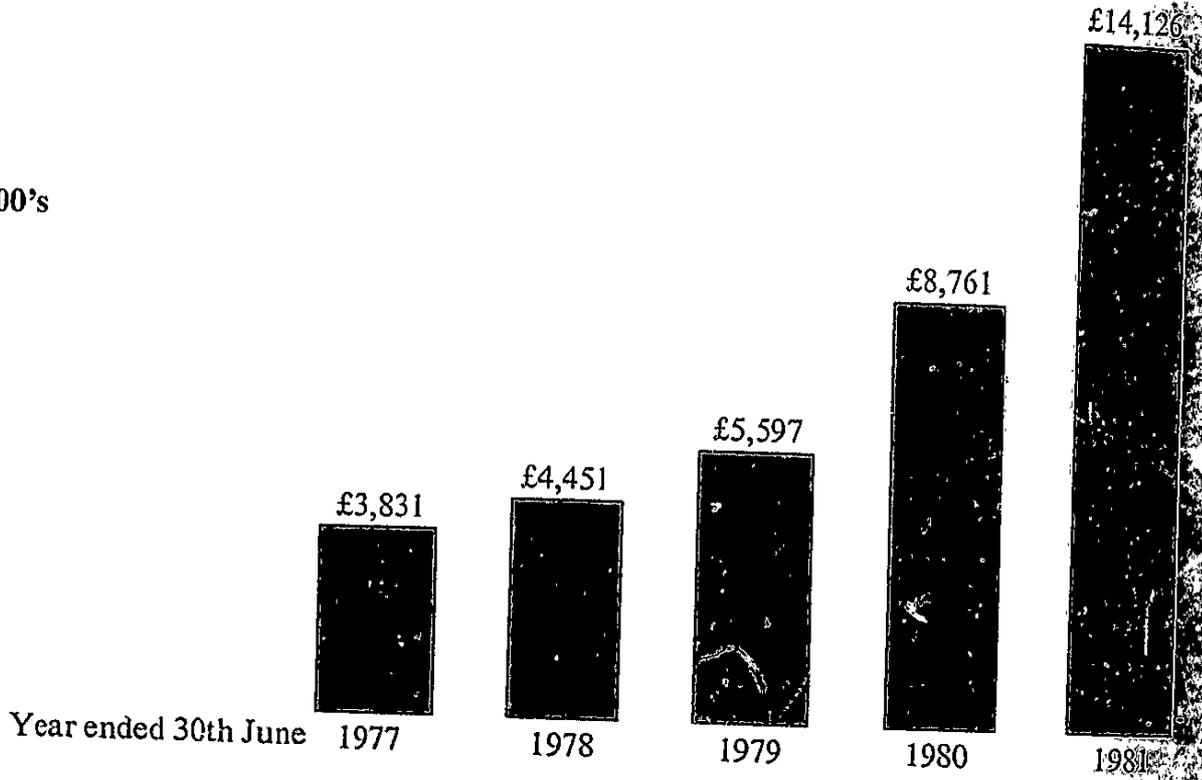
## Financial Summary

|   | 1981        | 1980       | % Increase in<br>1981 over 1980 |
|---|-------------|------------|---------------------------------|
| Turnover  | £14,126,057 | £8,761,050 | 61%                             |
| Profit from operations<br>before taxation and<br>extraordinary item | £2,375,671  | £1,361,006 | 75%                             |
| Earnings per share  |             |            |                                 |
| —based on profit before<br>taxation and<br>extraordinary item       | 25.5p       | 14.6p      | 75%                             |
| —based on profit after<br>taxation before<br>extraordinary item     | 13.3p       | 11.3p      | 18%                             |
| Dividend per share—Interim  | 1.56p       | —          | —                               |
| —Final  | 2.39p       | 2.0p       | 20%                             |
| Dividend cover  | 3.4*        | 4.7*       | —                               |
| Current cost dividend cover   | 3.1*        | 5.0*       | —                               |

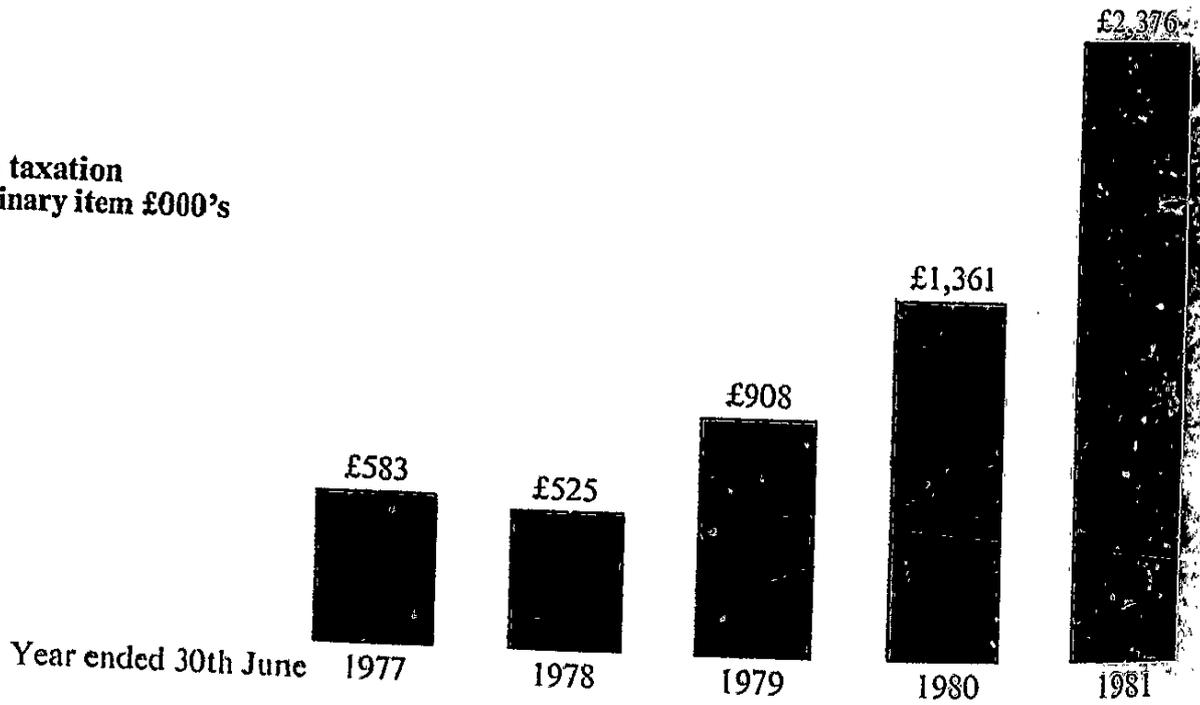
\*before the waiver of £236,039 (1980—£119,593) by A. M. Sugar.

# 5 Year Record

Turnover £000's



Profit before taxation and extraordinary item £000's



## Chairman's Statement

Further to my comments in the interim statement, the year ended 30th June, 1981 has proved very successful and our results can only be described as excellent. Our turnover is up by 61% to a new record level of £14,126,057 and pretax profits show a superb 75% increase, during a period which has been described by some as a recession. We must attribute our success to our product range, our expertise in marketing and our efficiency in production and management. These factors have kept us way in front of our competition, and it is satisfying to see that they are endorsing our successful product range by following our lead, albeit too late in most cases.

This year we have seen success with our Racked Music Systems. The impact of this product on the trade has been encouraging and more importantly this enthusiasm has been shared by the buying public. Our range of portable equipment has also been very well accepted, a particular success being our Double Cassette model, whilst Car Stereo products have maintained their importance in our overall product range. We have made many inroads to new customers giving us an excellent customer base and leaving us unreliant on any one major customer. This has given us a wider distribution pattern so that now Amstrad products are sold in nearly every high street in the country. It is now our intention to consolidate these successes and to embark on national advertising to endorse our Brand name and products.

This year we noticed that there was a change in the pattern of our sales, with turnover for the period 1st January to 30th June being almost equal to that of the previous six months. We can explain this by the well organised move into our new factory, which with the minimum of disruption to production, offered us a greater facility to supply the demand we had created, confirming our feeling that the market was under-supplied with our products and was indeed greater than our initial estimates. Also in this period new products were introduced earlier than anticipated and their contribution to turnover was a pleasant boost.

Throughout the year we have maintained our usual control over cost of goods and I am pleased to report that our trading expenses are smaller in percentage terms this year than last, and more significantly, where there have been increases it has been in areas which directly affect our profitability, such as advertising costs. Our production manning levels are showing us a better ratio with quantities of items produced indicating an increase in efficiency, which has been brought about by new plant and higher production run rates. Our administration staff levels have remained constant and have coped with the Company's expansion efficiently and we remain confident that further expansion can be handled equally well.

### Dividend

Following the excellent performance of your company during the year, the Directors are recommending payment of a final dividend of 2.39p per ordinary share, which represents an increase of 20% on last year's final dividend. Together with the interim dividend of 1.56p per ordinary share already paid, this makes a total distribution for the year of 3.95p per ordinary share and is equivalent to 5.64p per ordinary share with the related tax credit at the current rate of 3/7ths.

### Future

I have previously mentioned our vastly improved customer base. This has been brought about by having the right products at the right time and executing production, promotion, and delivery in line with our promises. It is on this philosophy that the Company will continue to advance.

We shall be introducing several new products in the forthcoming year in all of which I have great confidence and are, in true Amstrad fashion, "one step ahead" of the market and most definitely the competition. We have become market trend setters in design concepts, similar in a way to the major Japanese companies, but with the important difference of not being committed to any one method of production or area in which to produce.

Most of the new products to be introduced fall into the same category as our existing products but will incorporate new features and design ideas allied to new technological advances, especially in the "Micro Chip" sector. However, we do have some new items which start to move away from existing products

## Chairman's Statement (continued)

and form part of a basis of natural expansion of our product range, exploiting the potential of our customers facilities to market such items. It would be unwise to elaborate on these items in this report as we must maintain an element of surprise, to enable us to distribute and market these products ahead of the competition.

An obvious area for us to move into is the recently legalised Citizen Band Radio market. As we have been established for many years in the Car Stereo area, it is of course natural for us to pursue this new market. It is however, a market which in other countries has caused several failures, due to the bad quality of products and a poor understanding of the demand, and its recent legalisation may incite some over-enthusiasm on behalf of some suppliers in respect of market size and potential. It is therefore our intention to enter the market with the highest quality of product we can offer and with a degree of caution in our commitment. We will try to adopt a sensible medium whereby we can react either way to its future. However, it would be correct to say that we have committed ourselves to enter the market and we shall do so with our usual aggressive flair.

I referred earlier to the successful move into our new factory and how it had aided our ability to supply the demand for our products. I must report now that this factory is running close to full capacity and it is therefore our intention to expand our facilities even more. We are currently pursuing the prospects of purchasing land and building premises to our own specifications to give us flexibility in either expansion of manufacturing or distribution. The Company has always used a flexible approach to production, and we still wish to maintain the options of 100% manufacturing or part assembly or indeed, importation and distribution of finished products. It is important to note that the recent dramatic devaluation of the pound would have left the Company in a difficult position had we been committed to one way of producing. With our approach, we were able to turn off quickly certain items imported from the Far East and produce them in the U.K. In the past, when the reverse has been applicable, it was just as easy to hive off the making of some items to other countries. It is therefore important for our new premises to be custom built to enable us to adapt to new situations as and when they occur. The implementation of the new rules on stock appreciation relief has meant a significant increase in the Company's Corporation Tax liability, and the building project referred to above could eventually go some way to reducing the amount of Corporation Tax paid, but more importantly the new building project will allow us to expand the Company's activities into areas allied to its present operation. It is not our current intention to make acquisitions of businesses in which we have no experience, in order to expand the Company. We much prefer to pursue the approach mentioned above, because in this way we can control our own destiny and involve ourselves in things in which we are expert.

I am pleased to be able to report that the first few months of our current trading period have been very encouraging, and sales are significantly up on the same period last year. However, it should be noted that this increase is due to our customers stocking up for the forthcoming season, a season in which success is achieved in the later parts of the calendar year, and it is this period which determines the level of repeat orders we shall receive. In order to give our products a boost during this season, we have planned a major T.V. and press advertising campaign to promote our Brand name and products.

A continued weak pound against the dollar could no doubt affect our margins as raw materials will cost more, and the unfortunate relative strength of the pound against the European currencies hampered our attempts to recover our export business. We hope that measures will be taken to stabilise the pound's value and bring it to a more realistic level so that normal trading conditions can resume.

To conclude, I would like to thank all the team at Amstrad for their excellent performance this year, and I am sure that with their continued efforts, a combination of good distribution, heavy promotion, efficient production and an awareness of the need to improve our service in all directions, we can look forward with confidence to the next trading year.

6th October, 1981

A. M. Sugar  
Chairman



## Directors' Report

The Directors have pleasure in presenting their report and the audited accounts for the year ended 30th June, 1981.

### Principal Activities

The principal activities of the Company during the year were the manufacture and distribution of a range of electronic, audio and domestic consumer equipment.

### Results

Profit for the year before taxation was £2,375,671 compared with £1,361,006 last year. The details are set out in the Profit and Loss Account on page 10.

Turnover for the year was £14,126,057 (1980—£8,761,050). Exports were £203,194 (1980—£1,263,553) mainly to E.E.C. countries.

### Dividends

The Directors have recommended that a final dividend of 2.39p (1980—2.0p) per share be paid to shareholders in respect of the period ended 30th June, 1981.

Mr. A. M. Sugar has waived his final dividend except for a nominal 0.1p per ordinary share.

### Directors and Directors' Interests

The present membership of the Board is as set out on page 1.

Mr. J. L. Rice retires by rotation and being eligible, offers himself for re-election.

No Director had, during the year or at the end of the year, any material interest in any contract with the Company.

| Directors' Interests | No. of ordinary shares beneficially held |                 |
|----------------------|--|-----------------|
|                      | 30th June, 1981                          | 30th June, 1980 |
| A. M. Sugar          | 6,993,750                                | 6,993,750       |
| J. L. Rice           | 5,900                                    | 5,900           |
| R. A. Mould          | 5,900                                    | 5,400           |
| R. J. East           | 450                                      | 450             |
| N. F. Shearman       | 1,000                                    | 1,000           |

### Substantial Shareholdings

The Company has not been notified of any other shareholdings of more than 5% of the nominal value of the issued share capital.

### Close Company Status

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

### Employees

The average weekly number of persons including Directors employed by the Company in the U.K. in each week was 151 (1980—122). Aggregate remuneration was £718,464 (1980—£568,940).



## Directors' Report (continued)

### Fixed Assets

Details of movement in the fixed assets of the Company during the year are as disclosed in note 9 to the accounts.

### Health and Safety

In accordance with the provisions of the Health and Safety at Work etc., Act, 1974, the Company has issued a written statement of its general policy with respect to the health, safety and welfare at work of its employees and the organisation and arrangements for carrying out that policy. The Statement has been brought to the notice of all the employees of the Company.

### Current Cost Accounts

Audited current cost accounts prepared in accordance with SSAP16 are set out on page 17 to 22.

### Charitable and Political donations

No political contributions were made during the year (1980—Nil).

Charitable contributions made by the Company amounted to £120 (1980—£350).

### Change of name

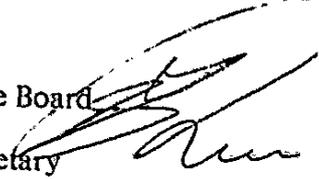
The Company's name was changed on the 30th September, 1981 from Amstrad Consumer Electronics Limited to Amstrad Consumer Electronics plc.

### Auditors

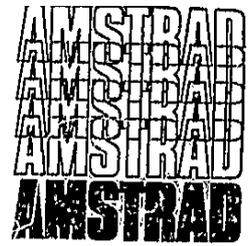
A resolution to re-appoint the auditors Touche Ross & Co. and for the Directors to fix their remuneration will be proposed at the Annual General Meeting.

6th October, 1981  
1-7 Garman Road,  
Tottenham,  
London N17 0UF

by Order of the Board  
J. L. Rice  
Secretary



# Auditors' Report



*Touche Ross & Co.*

*Chartered Accountants*

Hill House  
1 Little New Street  
London EC4A 3TR

To the members of Amstrad Consumer Electronics plc

We have audited the accounts on pages 10 to 22 in accordance with approved Auditing Standards.

In our opinion the accounts on pages 10 to 16 give, under the historical cost convention stated in note 1(a), a true and fair view of the state of the Company's affairs at 30th June, 1981 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1980.

In our opinion the abridged supplementary current cost accounts on pages 17 to 22 have been properly prepared in accordance with the policies and methods described in notes 1 and 2 to give the information required by Statement of Standard Accounting Practice No. 16.

*Touche Ross & Co.*  
*Touche Ross & Co.*

6th October, 1981

*Chartered Accountants*

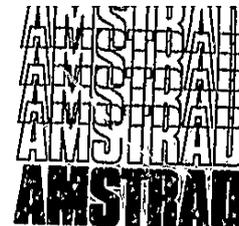
# Profit and Loss Account for the year ended 30th June, 1981



|  | Notes | 1981<br>£          | 1980<br>£         |
|--|-------|--------------------|-------------------|
| Turnover   | 1d    | <u>£14,126,057</u> | <u>£8,761,050</u> |
| Profit before taxation                                   | 2     | <u>2,375,671</u>   | <u>1,361,006</u>  |
| Taxation   | 3     | <u>1,138,607</u>   | <u>303,000</u>    |
| Profit after taxation and before extraordinary item      |       | <u>1,237,064</u>   | <u>1,058,006</u>  |
| Extraordinary item                                       | 4     | <u>—</u>           | <u>183,767</u>    |
| Profit after taxation and extraordinary item             |       | <u>1,237,064</u>   | <u>874,239</u>    |
| Dividend   | 5     | <u>132,298</u>     | <u>66,907</u>     |
| Profit transferred to reserves                           |       | <u>£1,104,766</u>  | <u>£807,332</u>   |
| Earnings per share                                       |       |                    |                   |
| based on profit before taxation and extraordinary item   | 6     | 25.5p              | 14.6p             |
| based on profit after taxation before extraordinary item | 6     | 13.3p              | 11.3p             |

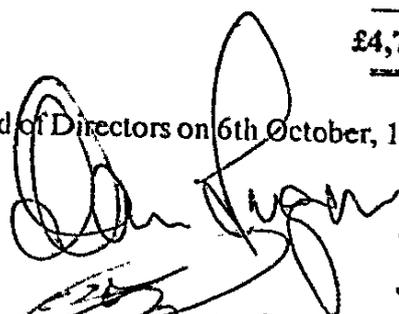
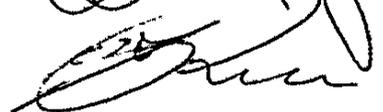
The attached notes form part of these accounts.

# Balance Sheet at 30th June, 1981



|                              | Notes | 1981<br>£         | 1980<br>£         |
|------------------------------|-------|-------------------|-------------------|
| <b>Employment of capital</b> |       |                   |                   |
| <b>Current assets</b>        |       |                   |                   |
| Cash and bank balances       |       |                   | 96,114            |
| Debtors                      |       | 238,655           |                   |
| Stock                        | 7     | 2,306,396         | 1,216,944         |
|                              |       | <u>4,486,280</u>  | <u>3,631,175</u>  |
|                              |       | <u>7,031,331</u>  | <u>4,944,233</u>  |
| <b>Current liabilities</b>   |       |                   |                   |
| Creditors                    |       | 1,524,253         | 1,716,227         |
| Taxation                     |       | 1,446,673         | 332,000           |
| Dividend payable             | 5     | 78,726            | 66,907            |
|                              |       | <u>3,049,652</u>  | <u>2,115,134</u>  |
| <b>Net current assets</b>    |       | <u>3,981,679</u>  | <u>2,829,099</u>  |
| <b>Fixed assets</b>          | 9     | 757,983           | 810,537           |
| <b>Deferred assets</b>       | 8     | 33,740            | 29,000            |
|                              |       | <u>£4,773,402</u> | <u>£3,668,636</u> |
| <b>Capital employed</b>      |       |                   |                   |
| <b>Shareholders' funds</b>   |       |                   |                   |
| Issued share capital         | 10    | 2,331,250         | 2,331,250         |
| Reserves                     | 11    | 2,442,152         | 1,337,386         |
|                              |       | <u>£4,773,402</u> | <u>£3,668,636</u> |

These accounts were approved by the Board of Directors on 6th October, 1981.

A. M. Sugar }  
 J. L. Rice } Directors

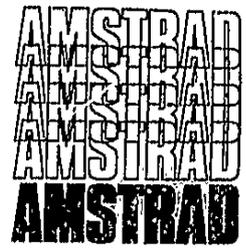
The attached notes form part of these accounts.

# Source and Application of Funds

for the year ended 30th June, 1981



|   | 1981<br>£         | 1980<br>£         |
|---|-------------------|-------------------|
| <b>Source of Funds</b>                                    |                   |                   |
| Profit before taxation                                    | 2,375,671         | 1,361,006         |
| Adjustment for items not involving the movement of funds: |                   |                   |
| Depreciation  | 102,154           | 94,437            |
| Loss on sale and write off of fixed assets                | 138,306           | 1,519             |
| Total generated from operations                           | <u>2,616,131</u>  | <u>1,456,962</u>  |
| Disposal of fixed assets                                  | 33,703            | 902               |
| Corporation tax recovered                                 | —                 | 163,773           |
|   | <u>2,649,834</u>  | <u>1,621,637</u>  |
| <b>Application of Funds</b>                               |                   |                   |
| Purchase of fixed assets                                  | 221,609           | 150,690           |
| Corporation tax paid                                      | 28,674            | —                 |
| Dividends paid  | 120,479           | —                 |
| Expenses of the Offer for Sale                            | —                 | 183,767           |
|   | <u>£2,279,072</u> | <u>£1,287,180</u> |
| <b>Increase in Working Capital</b>                        |                   |                   |
| Increase in stock   | 855,105           | 708,922           |
| Increase in debtors                                       | 1,089,452         | 417,227           |
| Decrease (Increase) in creditors                          | 191,974           | (568,598)         |
|   | <u>2,136,531</u>  | <u>557,551</u>    |
| <b>Movement of Net Liquid Funds</b>                       |                   |                   |
| Cash and bank balances                                    | 142,541           | 729,629           |
|   | <u>£2,279,072</u> | <u>£1,287,180</u> |



# Notes on the Accounts for the year ended 30th June, 1981

## 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) Depreciation

Depreciation is provided on fixed assets, at cost or valuation on a straight line basis at annual rates based on the estimated economic lives of the assets as follows:

|   |                                     |
|---|-------------------------------------|
| Freehold buildings .....                      | 2%                                  |
| Leaseholds .....                              | Over the residual term of the lease |
| Plant, machinery, fixtures and fittings ..... | 10%—50%                             |
| Vehicles .....                                | 25%                                 |

During the year tooling equipment with a net book value of £135,297 relating to products no longer in regular production was written off and the depreciation rate on remaining tooling equipment was changed from 20% to 50% per annum which increased the depreciation charge for the year by £26,000.

The Company's principal freehold property was revalued on the basis of existing use in September, 1979, by Chamberlain & Willows, Surveyors and Valuers. The valuation was incorporated in the accounts at 30th June, 1979. Depreciation has been provided on freehold buildings and leaseholds from 1st July, 1979.

### c) Stock and work in progress

Stock and work in progress are valued at the lower of cost or net realisable value. Cost is represented by materials and direct labour, together with an appropriate element of production overhead. Provision has been made for obsolete and slow moving stock.

### d) Turnover

Turnover consists of the total sales invoiced to customers during the year exclusive of Value Added Tax.

### e) Deferred Tax

Provision is made in the accounts for U.K. corporation tax deferred by reason of capital allowances and other timing differences, except to the extent that such timing differences can be demonstrated with reasonable probability to continue in the foreseeable future.

### f) Foreign currencies

Assets and liabilities at the period end have been translated at the rates ruling at that date except where creditors for stock are payable in foreign currency covered by forward exchange contracts where the rate of the contract is used for creditors and stock. Gains or losses arising from foreign currency exchange transactions have been treated as normal items of the period's operations.

## 2. Profit before taxation is after charging/(crediting)

|                                    | 1981          | 1980          |
|------------------------------------|---------------|---------------|
|                                    | £             | £             |
| Directors' remuneration            | 81,713        | 46,663        |
| Depreciation of fixed assets       | 102,154       | 94,437        |
| Write off of fixed assets          | 135,297       | —             |
| Auditors' remuneration             | 17,070        | 13,850        |
| Interest payable on overdraft      | 74,022        | 50,480        |
| Interest payable on export finance | 986           | 26,175        |
| Discount on bills                  | —             | 46,109        |
| Interest received                  | (31,313)      | (7,123)       |
|                                    | <u>34,123</u> | <u>27,130</u> |

The remuneration of the Chairman and highest paid Director was:

The Directors' remuneration was distributed as follows:

|                 | 1981 | 1980 |
|-----------------|------|------|
|                 | No.  | No.  |
| £0—£5,000       | 2    | 2    |
| £5,001—£10,000  | —    | 2    |
| £15,001—£20,000 | 1    | —    |
| £20,001—£25,000 | 1    | —    |
| £25,001—£30,000 | —    | 1    |
| £30,001—£35,000 | 1    | —    |

## Notes on the Accounts (continued)

### 3. Taxation

|  | 1981      | 1980    |
|--|-----------|---------|
|  | £         | £       |
| United Kingdom Corporation Tax at 52% based on the profit for the year | 1,138,607 | 303,000 |

The taxation charge for the year has been increased by £36,000 (1980 reduced by £25,000) in respect of differences between capital allowances and depreciation and reduced by £137,000 in respect of stock relief (1980—£266,000).

### 4. Extraordinary item

The extraordinary item relates to the expenses of the Offer for Sale of 2,331,250 shares on 10th April, 1980.

### 5. Dividend

The Directors propose a final dividend of 2.39p (1980—2.0p) per ordinary share, which, together with the interim dividend of 1.56p per ordinary share paid on 15th April, 1981 makes a total distribution of 3.95p (1980—2.0p) per ordinary share in respect of the year ended 30th June, 1981. This is equivalent to 5.64p (1980—2.86p) per ordinary share with the related tax credit at the current rate of 3/7ths.

Mr. A. M. Sugar has waived dividends amounting to £236,039 (1980—£119,593) on 6,294,375 ordinary shares.

### 6. Earnings per share

The calculation of earnings per share, in accordance with the Statement of Standard Accounting Practice No. 3, is based on profit after taxation before the extraordinary item, if any, on 9,325,000 ordinary shares in issue.

In addition, earnings per share based on profit before taxation and the extraordinary item, if any, are shown.

### 7. Stock

|                                    | 1981              | 1980              |
|------------------------------------|-------------------|-------------------|
|                                    | £                 | £                 |
| Finished goods                     | 2,864,031         | 2,430,228         |
| Raw materials and work in progress | 942,616           | 656,494           |
| Goods in transit                   | 679,633           | 544,453           |
|                                    | <u>£4,486,280</u> | <u>£3,631,175</u> |

## Notes on the Accounts (continued)

### 8. Taxation

The deferred asset of £33,740 (1980—£29,000) represents the Advance Corporation Tax on the proposed dividend recoverable against future years' mainstream Corporation Tax.

Following the accounting policy set out in note 1e, no provision for deferred taxation has been provided in the accounts. The potential liability for deferred taxation is as follows:

|   | 1981<br>£       | 1980<br>£         |
|---|-----------------|-------------------|
| Differences between capital allowances and depreciation provided in the accounts              | 143,000         | 178,000           |
| Stock appreciation relief   | —               | 1,526,000         |
|   | <u>143,000</u>  | <u>1,704,000</u>  |
| Corporation Tax payable if the freehold property was to be disposed of at its revalued amount | 23,000          | 23,000            |
|   | <u>£166,000</u> | <u>£1,727,000</u> |

The potential liability no longer includes an amount in respect of stock relief as the Finance Act, 1981, provides that there will be no clawback of relief in normal circumstances for accounting periods ending after 14th November, 1980.

### 9. Fixed Assets

|   | Freehold<br>property<br>£ | Leasehold<br>property<br>£ | Plant,<br>machinery,<br>fixtures &<br>fittings<br>£ | Motor<br>vehicles<br>£ | Aircraft<br>£ | Total<br>£     |
|---|---------------------------|----------------------------|---|------------------------|---------------|----------------|
| As at 1st July, 1980                    |                           |                            |   |                        |               |                |
| Cost                                    | 18,732                    | 7,000                      | 493,029   | 102,117                | 21,822        | 642,700        |
| Valuation                               | 395,000                   | —                          | —   | —                      | —             | 395,000        |
| Additions                               | —                         | —                          | 151,416   | 70,193                 | —             | 221,609        |
| Disposals                               | —                         | —                          | (247,635)   | (40,436)               | (21,822)      | (309,893)      |
| Cost or valuation<br>at 30th June, 1981 | <u>413,732</u>            | <u>7,000</u>               | <u>396,810</u>                                      | <u>131,874</u>         | <u>—</u>      | <u>949,416</u> |
| Depreciation at<br>1st July, 1980       | 5,300                     | 166                        | 174,198   | 42,771                 | 4,728         | 227,163        |
| Charge in year                          | 5,550                     | 917                        | 69,448  | 26,239                 | —             | 102,154        |
| Disposals                               | —                         | —                          | (112,184)   | (20,972)               | (4,728)       | (137,884)      |
| Depreciation at<br>30th June, 1981      | <u>10,850</u>             | <u>1,083</u>               | <u>131,462</u>                                      | <u>48,038</u>          | <u>—</u>      | <u>191,433</u> |
| Net Book Value at<br>30th June, 1981    | 402,882                   | 5,917                      | 265,348   | 83,836                 | —             | 757,983        |
| Net Book Value at<br>30th June, 1980    | 408,432                   | 6,834                      | 318,821   | 59,346                 | 17,094        | 810,537        |

### 10. Share capital

|   | 30th June, 1981<br>Ordinary shares of<br>25p each |           | 30th June, 1980<br>Ordinary shares of<br>25p each |           |
|---|---|-----------|---|-----------|
|   | Shares  | £         | Shares  | £         |
| Authorised share capital comprised :          | 10,000,000  | 2,500,000 | 10,000,000  | 2,500,000 |
| Of which the following were issued fully paid | 9,325,000   | 2,331,250 | 9,325,000   | 2,331,250 |



## Notes on the Accounts (continued)

### 11. Reserves

|  | 1981              | 1980              |
|--|-------------------|-------------------|
|  | £                 | £                 |
| As at 1st July, 1980                               | 1,337,386         | 2,801,304         |
| Capitalisation                                     | —                 | (2,271,250)       |
| Transfer from profit and loss account              | <u>1,104,766</u>  | <u>807,332</u>    |
| As at 30th June, 1981                              | <u>£2,442,152</u> | <u>£1,337,386</u> |
| Which consists of:                                 |                   |                   |
| Distributable reserves                             | 2,365,632         | 1,260,866         |
| Unrealised reserves not available for distribution | <u>76,520</u>     | <u>76,520</u>     |
|  | <u>£2,442,152</u> | <u>£1,337,386</u> |

### 12. Capital expenditure

|   | 1981 | 1980 |
|---|------|------|
|   | £    | £    |
| Contracted for but not provided in the accounts | Nil  | Nil  |
| Authorised but not contracted for               | Nil  | Nil  |

### 13. Contingent liabilities

The company has given a guarantee in the sum of £200,000 to Lloyds Bank Limited in respect of H.M. Customs and Excise for the deferred duty arrangement.

There were no other contingent liabilities other than those arising in the normal course of business including deferred taxation (see note 8) at 30th June, 1981 (1980—None).



Current Cost Accounts  
1980/81

# Current Cost Profit & Loss Account for the year ended 30th June, 1981

|  | Notes | 1981<br>£          | 1980<br>£         |
|--|-------|--------------------|-------------------|
| Turnover   |       | <u>£14,126,057</u> | <u>£8,761,050</u> |
| Historic cost profit before interest and taxation                | 3     | 2,418,380          | 1,450,472         |
| Current cost operating adjustments and related interest          | 4     | <u>163,407</u>     | <u>31,010</u>     |
| Current cost operating profit                                    |       | 2,254,973          | 1,419,462         |
| Gearing adjustment   |       | <u>19,430</u>      | <u>—</u>          |
| Current cost profit before taxation                              |       | 2,274,403          | 1,419,462         |
| Taxation   |       | <u>1,138,607</u>   | <u>303,000</u>    |
| Current cost profit after taxation and before extraordinary item |       | 1,135,796          | 1,116,462         |
| Extraordinary item   |       | <u>—</u>           | <u>183,767</u>    |
| Current cost profit attributable to shareholders                 |       | 1,135,796          | 932,695           |
| Dividend   |       | <u>132,298</u>     | <u>66,907</u>     |
| Current cost profit transferred to reserves                      |       | <u>£1,003,498</u>  | <u>£865,788</u>   |
| Current cost earnings per share                                  |       |                    |                   |
| based on profit before taxation and extraordinary item           |       | 24.4p              | 15.2p             |
| based on profit after taxation before extraordinary item         |       | 12.2p              | 12.0p             |



## Current Cost Balance Sheet at 30th June, 1981

|                                     | Notes | 1981<br>£         | 1980<br>£         |
|-------------------------------------|-------|-------------------|-------------------|
| <b>Assets Employed</b>              |       |                   |                   |
| Net current assets                  |       |                   |                   |
| Stock                               |       | 4,683,942         | 3,599,279         |
| Monetary working capital            |       | 1,020,798         | (403,169)         |
|                                     |       | <u>5,704,740</u>  | <u>3,196,110</u>  |
| Less proposed dividend              |       | 78,726            | 66,907            |
|                                     |       | <u>5,626,014</u>  | <u>3,129,203</u>  |
| Fixed assets                        | 5     | 878,833           | 904,857           |
|                                     |       | <u>£6,504,847</u> | <u>£4,034,060</u> |
| <br><b>Financed by</b>              |       |                   |                   |
| Share capital                       |       | 2,331,250         | 2,331,250         |
| Current cost reserve                | 6     | 437,844           | 80,488            |
| Other reserves and retained profits | 7     | 2,322,820         | 1,319,322         |
|                                     |       | <u>5,091,914</u>  | <u>3,731,060</u>  |
| Taxation including deferred asset   |       | 1,412,933         | 303,000           |
|                                     |       | <u>£6,504,847</u> | <u>£4,034,060</u> |



# Notes on the Current Cost Accounts for the year ended 30th June, 1981

## 1. Description of the current cost accounts

The current cost accounts on pages 17 to 22 have been prepared in accordance with SSAPI 6. The current cost system, whilst not a system of accounting for general inflation, allows for changes in cost prices specific to the business when reporting both assets employed and the profits earned by those assets.

The current cost operating profit is the surplus (before taxation) arising from the ordinary activities of the business in the period. It is determined after allowing for the impact of price changes on the cost of replacing that part of the productive assets of the business which has been used up during the period.

The current cost profit attributable to shareholders is the surplus after taxation and extraordinary item. A gearing adjustment has been made to the extent of net borrowing provided by taxation payable over the year. During the previous year taxation was in a recoverable position and therefore there was no net borrowing nor subsequent gearing adjustment. Interest has been directly associated with monetary working capital over the year and therefore treated as a monetary working capital adjustment.

## 2. Accounting policies

- a) Plant and Machinery has been valued at net current replacement cost using the Department of Industry Price indices for the various asset categories, which are the most appropriate indices available for the assets held by the Company.

The indices used were as follows:

|                          |         |
|--------------------------|---------|
| Office Furniture .....   | 39500   |
| Carpets .....            | 38750   |
| Warehouse racking .....  | 38250   |
| Internal offices .....   | 26300   |
| Fixtures, fittings ..... | Various |
| Tooling .....            | 37050   |
| Other equipment .....    | Various |
| Motor cars .....         | 17100   |
| Motor vans .....         | 17500   |
| Motor lorry .....        | 17600   |

Where possible, specific assets have been revalued using suppliers' quotes for replacement.

- b) Land and buildings are included in the current cost balance sheet at Directors' valuation after taking professional valuers advice.
- c) Depreciation has been based on the revalued amounts, using the same asset lives as in the historical cost accounts.
- d) Specific indices have been used to value the stocks based on replacement cost including currency exchange rates in the case of imports. Imported goods and manufactured goods have been valued using internally produced representative indices. Other stocks have been valued using the Department of Industry's Price Index 37500 which is the most appropriate index available.

A cost of sales adjustment calculated on the 'averaging' method has been made for each half year to reflect seasonal fluctuation.

- e) Monetary working capital consists of cash and overdrafts, trade debtors less trade creditors. Cash and overdrafts have been included because they fluctuate in line with other elements of working capital. The monetary working capital adjustment has been made for each half year using a weighted average index generated from the cost of sales indices.
- f) All other accounting policies adopted in the preparation of the current cost accounts are identical to those in the historical cost accounts.
- g) The gearing adjustment has been calculated using the average of opening and closing current cost balance sheets to determine the proportion of net assets which is financed by net borrowing. This proportion has been applied to the sum of current cost operating adjustments, to give the gearing adjustment shown in the profit and loss account.

## Notes on the Current Cost Accounts (continued)

### 3. Historic cost profit before interest and taxation

|   | £        | 1981<br>£         | 1980<br>£         |
|---|----------|-------------------|-------------------|
| Trading profit as in the historic cost accounts |          | 2,375,671         | 1,361,006         |
| Add back :                                      |          |                   |                   |
| Interest paid on overdrafts                     | 74,022   |                   | 50,480            |
| Discount on bills                               | —        |                   | 46,109            |
| Interest received                               | (31,313) |                   | (7,123)           |
|   |          | <u>42,709</u>     | <u>89,466</u>     |
|   |          | <u>£2,418,380</u> | <u>£1,450,472</u> |

### 4. Current cost operating adjustments

|  | £      | £               | £              |
|--|--------|-----------------|----------------|
| Working capital:                       |        |                 |                |
| Cost of sales                          |        | 50,321          | (89,747)       |
| Monetary working capital               | 20,541 |                 | 6,301          |
| Interest                               | 42,709 |                 | 89,466         |
|  |        | <u>63,250</u>   | <u>95,767</u>  |
|  |        | 113,571         | 6,020          |
| Additional depreciation                |        | 24,310          | 24,990         |
| Adjustment on disposal of fixed assets |        | 25,526          | —              |
|  |        | <u>£163,407</u> | <u>£31,010</u> |

### 5. Fixed assets

|                     | Gross<br>£        | Accumulated<br>Depreciation<br>£ | Net<br>£        | Net<br>£        |
|---------------------|-------------------|----------------------------------|-----------------|-----------------|
| Land and buildings  | 450,000           | 13,004                           | 436,996         | 419,436         |
| Plant and equipment | 694,926           | 253,089                          | 441,837         | 485,421         |
|                     | <u>£1,144,926</u> | <u>£266,093</u>                  | <u>£878,833</u> | <u>£904,857</u> |

### 6. Current cost reserve

|                                     | £       | £              | £               | £               |
|-------------------------------------|---------|----------------|-----------------|-----------------|
| Balance 1st July, 1980              |         |                | 80,488          | 132,825         |
| Surplus on revaluation:             |         |                |                 |                 |
| Fixed assets                        | 76,366  |                |                 | 49,670          |
| Stocks                              | 229,558 |                |                 | (18,561)        |
| Monetary working capital adjustment | 20,541  |                |                 | 6,301           |
| Cost of sales adjustment            | 50,321  |                |                 | (89,747)        |
|                                     |         | <u>376,786</u> |                 | <u>(52,337)</u> |
| Gearing adjustment                  |         | 19,430         |                 | —               |
|                                     |         |                | <u>357,356</u>  | <u>(52,337)</u> |
| Balance 30th June, 1981             |         |                | <u>£437,844</u> | <u>£80,488</u>  |

### 7. Other reserves and retained profit

|  | £                 | £                 |
|--|-------------------|-------------------|
| Distributable reserves at 1st July, 1980                     | 1,310,322         | 2,801,304         |
| Transferred to current cost reserve                          | —                 | (76,520)          |
| Capitalisation   | —                 | (2,271,250)       |
| Profit transferred from current cost profit and loss account | 1,003,498         | 865,788           |
| Balance 30th June, 1981                                      | <u>£2,322,820</u> | <u>£1,319,322</u> |

## Notes on the Current Cost Accounts (continued)

### 8. Statement of change in shareholders' equity interest

after allowing for the change in the general purchasing power of money for the year ended 30th June, 1981.

|  | 1981              | 1980              |
|--|-------------------|-------------------|
|  | £                 | £                 |
| Equity interest at the beginning of the year in current cost terms   | 3,797,967         | 2,917,609         |
| Amount required to compensate for the change in the general purchasing power of money during the year (see Note below) | <u>422,787</u>    | <u>574,621</u>    |
| Equity interest at the end of the year before deduction of dividends, as shown below*                                  | 4,220,754         | 3,492,230         |
| Surplus  | <u>5,224,212</u>  | <u>3,797,967</u>  |
|  | <u>£1,003,458</u> | <u>£305,737</u>   |
| Note: The price index used to calculate the £422,787 in the above calculation is the Retail Price Index.               |                   |                   |
| 30th June, 1980  | 266.8             | 222.9             |
| 30th June, 1981  | 296.5             | 266.8             |
| *Net equity interest as shown in the current cost accounts   | £                 | £                 |
| Proposed dividend  | 5,091,914         | 3,731,060         |
| Interim dividend   | 78,726            | 66,907            |
|  | <u>53,572</u>     | <u>---</u>        |
|  | <u>£5,224,212</u> | <u>£3,797,967</u> |

Amstrad Consumer  
Electronics plc  
**Form of Proxy**

I/We .....  
being member(s) of Amstrad Consumer Electronics plc hereby appoint  
the Chairman of the Meeting (See note 1)  
or .....

of .....

as .....  
my/our proxy to vote for me/us and on my/our behalf at the Annual  
General Meeting of the Company to be held on Thursday 26th  
November, 1981, and at any adjournment thereof. This proxy is to be  
used as follows:

| RESOLUTIONS |   | FOR                      | AGAINST                  |
|-------------|---|--------------------------|--------------------------|
| 1           | To receive and adopt the Statement of Accounts for the year ended 30th June, 1981 and the Directors and Auditors reports thereon. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2           | To declare a dividend.  | <input type="checkbox"/> | <input type="checkbox"/> |
| 3           | To re-elect a Director.   | <input type="checkbox"/> | <input type="checkbox"/> |
| 4           | To re-appoint the Auditors and to authorise the Directors to fix their remuneration.  | <input type="checkbox"/> | <input type="checkbox"/> |
| 5           | To transact any other ordinary business of the company.   | <input type="checkbox"/> | <input type="checkbox"/> |

Signature \_\_\_\_\_

Date \_\_\_\_\_

Notes

1. If you wish to appoint some other person, please insert his/her name and address, initial the insertion and strike out the words 'Chairman of the Meeting'.
2. Please indicate with an X how you wish your vote to be cast. Unless otherwise instructed, the proxy will vote or abstain as he/she thinks fit.
3. A corporation proxy must be executed under its Common Seal, or under the hand of a duly authorised officer or attorney.
4. To be valid, this Proxy must be lodged with the Registrar not less than forty-eight hours before the time fixed for the Meeting.
5. In the case of joint holders, the signature of any one holder will be sufficient but the names of all joint holders should be stated.

