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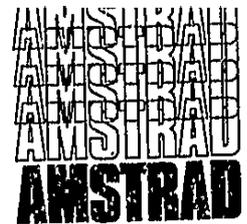
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# AMSTRAD

Amstrad Consumer Electronics  
Public Limited Company

Annual Report & Financial Statements  
1981/82





## Directors and Advisers

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### 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 Plc  
Goring-by-Sea,  
Worthing,  
Sussex BN12 6DA

### Bankers

Lloyds Bank Plc  
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

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## Notice of Meeting

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NOTICE IS HEREBY GIVEN that the 12th ANNUAL GENERAL MEETING OF Amstrad Consumer Electronics plc will be held at 1-7, Garman Road, Tottenham, London N17 0UF on Thursday 25th November, 1982, at 3pm for the following purposes:

1. To receive and adopt the Financial Statements for the year ended 30th June, 1982 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, 1982  
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 26th November, 1982, will be posted to ordinary shareholders who are registered in the books of the Company at the close of business on the 28th October, 1982.

## Financial Summary

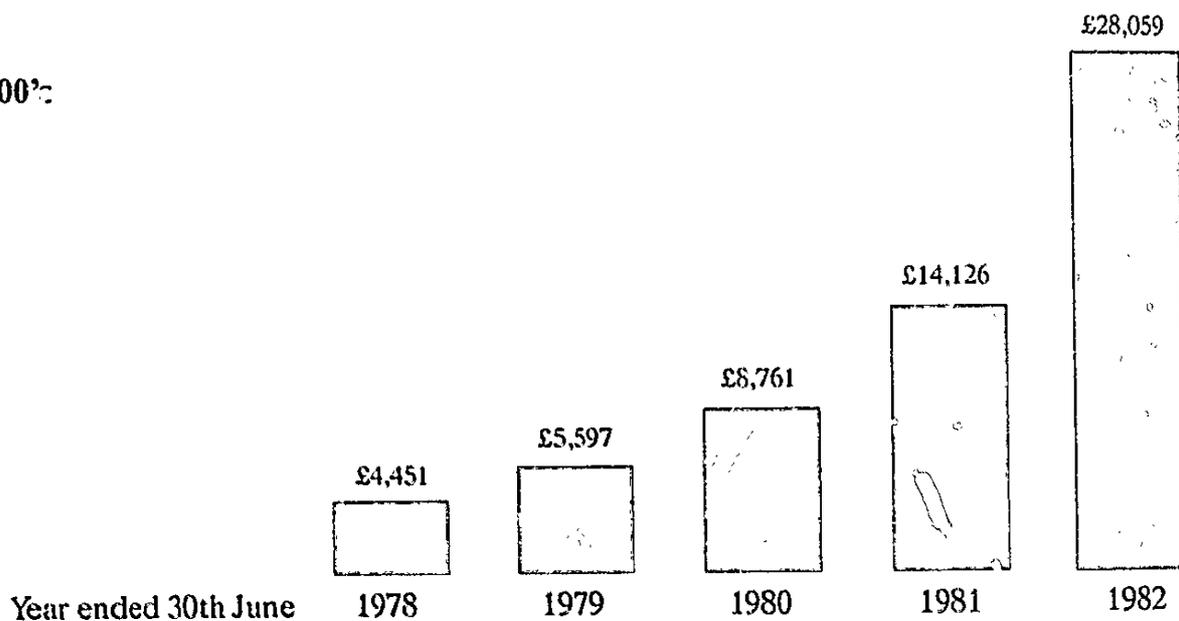
	1982	1981	% Increase in 1982 over 1981
Turnover	£28,058,670	£14,126,057	99%
Profit from operations before taxation	£4,769,727	£2,375,671	101%
Earnings per share			
—based on profit before taxation	51.1p	25.5p	100%
—based on profit after taxation	27.7p	13.3p	108%
Dividend per share—Interim	1.87p	1.56p	20%
—Final	2.87p	2.39p	20%
Dividend cover	5.8*	3.4*	71%
Current cost dividend cover	5.5*	3.1*	77%

\*before the waiver of £280,225 (1981—£236,039) by A. M. Sugar.

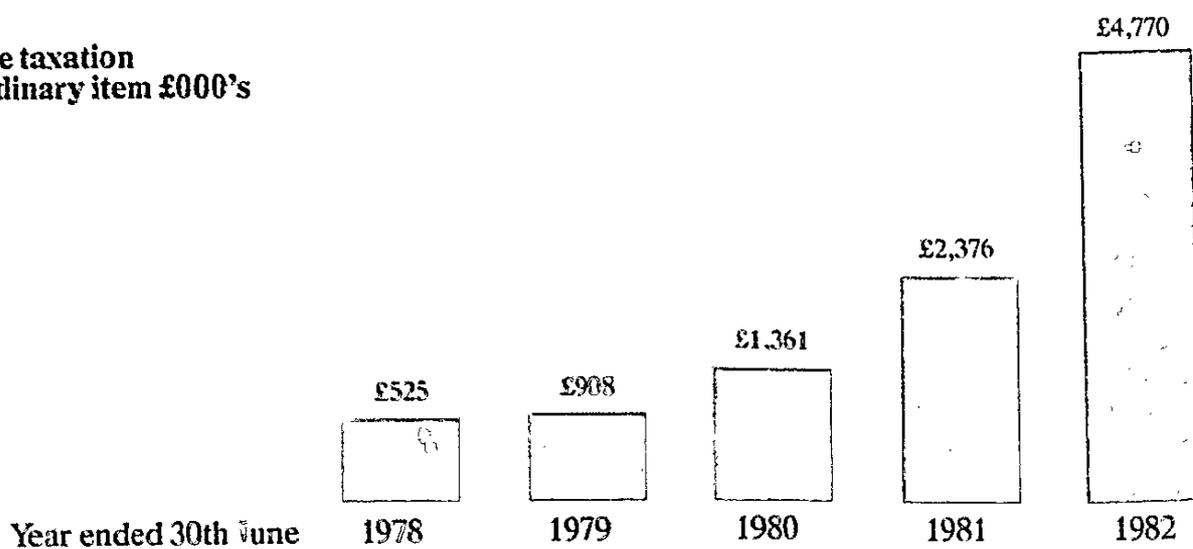
# 5 Year Record

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Turnover £000's:



Profit before taxation  
and extraordinary item £000's



## Chairman's Statement

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During the year ended 30th June 1982, the company has once again maintained its excellent growth record. Turnover has leapt by a staggering 99% from £14,126,057 last year to £28,058,670 and pre-tax profit is up from £2,375,671 to £4,769,727, an increase of 101%.

The success of this year clearly lies in 3 main areas:—

- 1) our product range
- 2) our customer base
- 3) our advertising and marketing strategy.

This year, the products we have sold have been, true to Amstrad style, one step ahead of our competition. Our range of Tower Racked Hi-Fi units have outsold any other leading brand name on the U.K. market, including all of the major Japanese brands; a recent survey indicated our share of the U.K. market sales in this sector was 26% for the year ending May 1982.

You will remember that in my last annual report, I mentioned CB Equipment which was to be legalised in November 1981. You may also recall that I struck a note of caution with regard to the CB market. I am pleased to report that this company moved into the CB business with the caution I expressed and it contributed successfully to this year's overall profit.

During the year, we also continued to sell our range of small audio units such as Clock Radios and Radio Cassette Recorders, and our range of Car Stereo Equipment. The market for this type of equipment is very depressed and is suffering badly from "dumping". Accordingly, and in line with our policy of maintaining flexibility, and being in the right market at the right time, we have decided to move out of these product areas.

Our customer base is now made up of nearly every major electrical retailer in the High Street, offering our products in over 3,000 retail stores, together with the most important Mail Order and Catalogue Companies. We are totally unreliant on any one customer, or supplier.

Our customers have taken advantage of our excellent advertising and marketing strategy. During the year we have had two successful television and press advertising campaigns which have brought our brand name into every home in the country. We have expertly analysed the potential consumer for our products and have aimed our marketing directly at these consumers.

With a combination of our widespread customer base, and heavy marketing and advertising campaigns, our products have become one of the most successful branded audio names in the U.K.

During the year, we have recognised that our manufacturing facilities are not adequate for our future plans and we have now purchased a 6.4 acre site in Shoeburyness, upon which we are currently building 133,000 square feet of new factory and warehouse space which we expect to be operational from January 1983. The building of this factory will also assist us with some taxation relief.

### Dividend

Bearing in mind the excellent results for the year, the Board of Directors are recommending a final dividend of 2.87p per ordinary share, a 20% increase on last year's dividend. Together with the interim dividend of 1.87p per ordinary share already paid, this makes a total distribution for the year of 4.74p per ordinary share, and is equivalent to 6.77p per ordinary share, with the related tax credit at the current rate of 3/7th.

### Future

We have recently entered the colour television market, and we are currently selling both a 14" and a 20" Colour Television. These items are fully imported from one of our suppliers in the Far East. This exercise has turned out to be successful and has encouraged us to move further into this sector of our market, and we therefore plan to start production of our own 22" Colour Television in 1983 at the new Shoeburyness plant. We shall also be introducing in early 1983, our first Video Tape Recorder.

These products represent the largest sector of the Consumer Electronics market, and although we are very conscious of the competition, we feel that we will be able to compete successfully in our usual aggressive manner, whilst at all times being cautious and retaining flexibility in our commitment to this market.



## Chairman's Statement (continued)

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Other new products include our revised range of Tower Units, into which we have now incorporated one of the greatest selling features of all times, that of remote control. Now the consumer will be able to buy one of our Tower Systems at a similar price to the older models, with the remote control facility. Once again we are ahead of all of the competition in this product area, leaving them with models that just about compete with the range we are proposing to make obsolete. It is interesting to note that a survey of Racked Tower Systems shows that there is only 12% penetration of this market, indicating that the potential for growth in this sector is still enormous.

Further to this, we have introduced a new space saving stacked module stereo unit which has a novel motorised front loading record player. Also in our range will be a Portable Mini Hi-fi with detachable cassette and other Music Centre Equipment. The customer reaction to these new models has been excellent, which indicates to us a successful outcome to the current financial year.

We shall continue with our aggressive marketing policy and for the last three months of 1982 embark on one of the largest advertising campaigns ever launched by a company in our business, taking in television and press advertising all linked with our major customers.

### Overseas Activities

You will recall from my interim statement, the formation of Amstrad International (Hong Kong) Limited. This company was primarily formed to act as a central liaison office for the whole of our activities in the Far East, and we are pleased to report that their presence in this territory has assisted us tremendously in the running of our business in the U.K.

Further to this, I am pleased to report that this company has started to trade in its own right, selling products designed by Amstrad in the U.K., but made in the Far East, to other markets in the world. We feel that this company will offer a useful contribution to Amstrad's profits in 1983.

It was decided earlier this year, that in view of the success of Amstrad in the U.K., efforts should now be directed to re-entering the export market which once accounted for 25% of our turnover. We have therefore formed Amstrad S.a.r.l., a French company based in Paris, which I am pleased to report has already started to obtain valuable orders from customers in France. We hope that we shall follow a similar pattern in France as we have done in the U.K., but we should note that the French market is nowhere near the size of the U.K. market. Despite this, we are confident that sales in France will contribute usefully to profits in 1983.

I would like to conclude by saying that our performance this year demonstrates quite clearly our determination to maintain profitability. We are very conscious of the need to maintain our margins and will only move into product areas where this criterion can be fulfilled.

At the time of writing this report, we have completed the first three months of our new financial year. This period is encouraging and demonstrates that our customers are stocking-up with Amstrad products and are looking forward with confidence and anticipation to the forthcoming selling season. It is this forthcoming selling season which determines the success of any company in our business, therefore, armed with our massive advertising campaign and with our excellent customer base, we look forward with confidence to the future.

Once again, I would like to thank all of the team at Amstrad for their continued efforts and support which has brought about another record breaking year.

6th October, 1982

A. M. Sugar  
Chairman



## Directors' Report

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The Directors have pleasure in presenting their report and the audited financial statements for the year ended 30th June, 1982.

### 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 £4,769,727 compared with £2,375,671 last year. The details are set out in the Profit and Loss Account on page 10.

Turnover for the year was £28,058,670 (1981—£14,126,057). Exports were £118,330 (1981—£203,194) mainly to E.E.C. countries.

### Dividends

The Directors have recommended that a final dividend of 2.87p (1981—2.39p) per share be paid to shareholders in respect of the period ended 30th June, 1982.

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. R. J. East 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, 1982	30th June, 1981
A. M. Sugar	6,094,375	6,993,750
J. L. Rice	5,900	5,900
R. A. Mould	6,900	5,900
R. J. East	5,000	450
N. F. Shearman	1,000	1,000

### Substantial Shareholdings

At the date of this report the Company has been notified that Clerical Medical & General Life Assurance Society had an interest in 1,099,500 ordinary shares representing 11.8% of the issued ordinary shares.

### 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 251 (1981—154). Aggregate remuneration was £1,175,492 (1981—£718,464).



## **Directors' Report** (continued)

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### **Fixed Assets**

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

### **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.

### **Employment of disabled persons**

It is the policy of the Company to give full and fair consideration to application for employment from disabled persons, to continue wherever possible the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotion is afforded to such persons.

### **Current Cost Financial Statements**

Audited current cost financial statements 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 (1981—Nil).

Charitable contributions made by the Company amounted to £105 (1981—£120).

### **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, 1982  
1-7 Garman Road,  
Tottenham,  
London N17 0UF

by Order of the Board  
J. L. Rice  
Secretary



## Auditors' Report

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*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 financial statements on pages 10 to 22 in accordance with approved Auditing Standards.

In our opinion the financial statements 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, 1982 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the abridged supplementary current cost financial statements 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.

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6th October, 1982

Chartered Accountants



## Profit and Loss Account for the year ended 30th June, 1982

	Notes	1982 £	1981 £
Turnover	1d	<u>£28,058,670</u>	<u>£14,126,057</u>
Profit before taxation	2	4,769,727	2,375,671
Taxation	3	<u>2,187,446</u>	<u>1,138,607</u>
Profit after taxation		2,582,281	1,237,064
Dividend	4	<u>161,780</u>	<u>132,298</u>
Profit transferred to reserves		<u>£2,420,501</u>	<u>£1,104,766</u>
<b>Earnings per share</b>			
based on profit before taxation	5	51.1p	25.5p
based on profit after taxation	5	27.7p	13.3p

The attached notes form part of these financial statements.



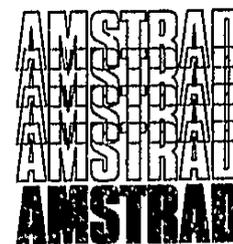
# Balance Sheet at 30th June, 1982

	Notes	1982 £	1981 £
<b>Employment of capital</b>			
<b>Current assets</b>			
Cash and bank balances		4,559	238,655
Debtors		3,235,643	2,306,396
Stock	6	7,698,855	4,486,280
Amount due from subsidiary company	7	32,195	—
		<u>10,971,252</u>	<u>7,031,331</u>
<b>Current liabilities</b>			
Bank overdraft		162,855	—
Creditors		2,880,256	1,524,253
Taxation		2,204,609	1,446,673
Dividend payable	4	98,813	78,726
		<u>5,546,533</u>	<u>3,049,652</u>
<b>Net current assets</b>		<b>5,624,719</b>	<b>3,981,679</b>
<b>Fixed assets</b>	9	<b>1,525,911</b>	<b>757,983</b>
<b>Interest in subsidiary company</b>	7	<b>924</b>	<b>—</b>
<b>Deferred assets</b>	8	<b>42,349</b>	<b>33,740</b>
		<u>£7,193,903</u>	<u>£4,773,402</u>
<b>Capital employed</b>			
Shareholders' funds	10	2,331,250	2,331,250
Issued share capital	11	4,862,653	2,442,152
Reserves			
		<u>£7,193,903</u>	<u>£4,773,402</u>

These financial statements were approved by the Board of Directors on 6th October, 1982.

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

The attached notes form part of these financial statements.



## Source and Application of Funds for the year ended 30th June, 1982

	1982 £	1981 £
<b>Source of Funds</b>		
Profit before taxation	4,769,727	2,375,671
Adjustment for items not involving the movement of funds:		
Depreciation	144,146	102,154
Loss on sale and write off of fixed assets	168,696	138,306
Total generated from operations	<u>5,082,569</u>	<u>2,616,131</u>
Disposal of fixed assets	37,251	33,703
	<u>5,119,820</u>	<u>2,649,834</u>
<b>Application of Funds</b>		
Purchase of fixed assets	1,118,021	221,609
Corporation tax paid	1,438,119	28,674
Dividends paid	141,693	120,479
Investment in subsidiary	924	—
	<u>£2,421,063</u>	<u>£2,279,072</u>
<b>Increase in Working Capital</b>		
Increase in stock	3,212,575	855,105
Increase in debtors (including subsidiary)	961,442	1,089,452
(Increase) Decrease in creditors	<u>(1,356,003)</u>	<u>191,974</u>
	2,818,014	2,136,531
<b>Movement of Net Liquid Funds</b>	<u>(396,951)</u>	<u>142,541</u>
	<u>£2,421,063</u>	<u>£2,279,072</u>

(Net Liquid Funds comprise Cash and Bank balances less overdraft.)

## Notes on the Financial Statements for the year ended 30th June, 1982

### 1. Accounting policies

#### a) Accounting Convention

The financial statements have been prepared under the historical cost convention including the revaluation of a freehold property, and in compliance with Section 149A of, and Schedule 8A to, the Companies Act, 1948.

#### 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%

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 financial statements 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 and 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 financial statements 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 year 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 year's operations.

The interest in the subsidiary company has been valued at the rate of exchange ruling at 30th June, 1982.

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

	1982 £	1981 £
Directors' remuneration	124,154	81,713
Depreciation of fixed assets	144,146	102,154
Write off of fixed assets	180,569	135,297
Auditors' remuneration	17,950	17,070
Interest payable on overdraft	98,445	74,022
Interest payable on export finance	—	986
Interest received	<u>(49,958)</u>	<u>(31,313)</u>
	<b>59,169</b>	<b>34,123</b>

The remuneration of the Chairman and highest paid Director was:

The Directors' remuneration was distributed as follows:

	1982 No.	1981 No.
£0—£5,000	2	2
£15,001—£20,000	—	1
£20,001—£25,000	1	1
£25,001—£30,000	—	1
£30,001—£35,000	1	—
£35,001—£40,000	1	—
£55,001—£60,000	—	—

Employees' having remuneration in excess of £20,000 were distributed as follows:

	1982 No.	1981 No.
£30,001—£35,000	1	—

## Notes on the Financial Statements (continued)

### 3. Taxation

	1982 £	1981 £
United Kingdom Corporation Tax at 52% based on the profit for the year	<u>2,187,446</u>	<u>1,138,607</u>

The taxation charge for the year has been reduced by £134,000 (1981 increased by £36,000) in respect of differences between capital allowances and depreciation and reduced by £168,000 (1981—£137,000) in respect of stock relief.

### 4. Dividend

The Directors propose a final dividend of 2.87p (1981—2.39p) per ordinary share, which, together with the interim dividend of 1.87p (1981—1.56p) per ordinary share paid on 15th April, 1982 makes a total distribution of 4.74p (1981—3.95p) per ordinary share in respect of the year ended 30th June, 1982. This is equivalent to 6.77p (1981—5.64p) per ordinary share with the related tax credit at the current rate of 3/7ths.

Mr. A. M. Sugar has waived dividends amounting to £280,225 (1981—£236,039) on his ordinary shares.

### 5. 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 on 9,325,000 ordinary shares in issue.

In addition, earnings per share based on profit before taxation are shown.

### 6. Stock

	1982 £	1981 £
Finished goods	3,912,597	2,864,031
Raw materials and work in progress	1,546,313	942,616
Goods in transit	2,239,945	679,633
	<u>£7,698,855</u>	<u>£4,486,280</u>

### 7. Interest in subsidiary company

During the year the subsidiary company Amstrad International (Hong Kong) Ltd. was incorporated in Hong Kong with a total authorised and issued ordinary share capital of HK\$10,000 (£973). Amstrad Consumer Electronics plc has a 95% shareholding in the subsidiary.

In the year ended 30th June, 1982 the subsidiary made a loss of HK\$111,923 (£10,887) which the Directors regard as insignificant within the meaning of Section 150 of the Companies Act 1948, and consolidated financial statements have not been prepared.

The amount due from the subsidiary represents the funding by the holding company for initial working capital.

## Notes on the Financial Statements (continued)

### 8. Taxation

The deferred asset of £42,349 (1981—£33,740) 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 financial statements. The potential liability for deferred taxation is as follows:

	1982 £	1981 £
Differences between capital allowances and depreciation	277,000	143,000
Corporation Tax payable if the freehold property was to be disposed of at its revalued amount	23,000	23,000
	<u>£300,000</u>	<u>£166,000</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 property £	Leasehold property £	Plant, machinery, fixtures & fittings £	Motor vehicles £	Total £
As at 1st July, 1981					
Cost	18,732	7,000	396,810	131,874	554,416
Valuation	395,000	—	—	—	395,000
Additions	606,635	—	407,681	103,705	1,118,021
Disposals	—	—	(216,769)	(61,523)	(278,292)
Cost or valuation at 30th June, 1982	<u>1,020,367</u>	<u>7,000</u>	<u>587,722</u>	<u>174,056</u>	<u>1,789,145</u>
Depreciation at 1st July, 1981	10,850	1,083	131,462	48,038	191,433
Charge in year	5,550	750	111,842	26,004	144,146
Disposals	—	—	(58,835)	(33,510)	(72,345)
Depreciation at 30th June, 1982	<u>16,400</u>	<u>1,833</u>	<u>204,469</u>	<u>40,532</u>	<u>263,234</u>
Net Book Value at 30th June, 1982	<u>1,003,967</u>	<u>5,167</u>	<u>383,253</u>	<u>133,524</u>	<u>1,525,911</u>
Net Book Value at 30th June, 1981	<u>402,882</u>	<u>5,917</u>	<u>265,348</u>	<u>83,836</u>	<u>757,983</u>

The additions in Freehold property of £606,635 represents the purchase of land and progress payments on buildings in respect of the new factory being constructed at Sleaford. The remaining capital commitment on the building is £1,315,093.

Other capital expenditure commitments were as follows:

	1982	1981
Contracted for but not provided in financial statements	Nil	Nil
Authorised but not contracted for	Nil	Nil



## Notes on the Financial Statements (continued)

### 10. Share capital

	30th June, 1982		30th June, 1981	
	Shares	£	Shares	£
Authorised share capital comprised :	12,000,000	3,000,000	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

The authorised share capital of the Company was increased from £2,500,000 to £3,000,000, by the creation of 2,000,000 ordinary shares of 25p each, at an Extraordinary General Meeting held on 20th November, 1981.

### 11. Reserves

	1982	1981
	£	£
As at 1st July, 1981	2,442,152	1,357,386
Transfer from profit and loss account	2,420,501	1,104,766
As at 30th June, 1982	<u>£4,862,653</u>	<u>£2,442,152</u>
Which consists of:		
Distributable reserves	4,786,133	2,365,632
Unrealised reserves not available for distribution	76,520	76,520
	<u>£4,862,653</u>	<u>£2,442,152</u>

### 12. Contingent liabilities

The company has given a guarantee in the sum of £200,000 to Lloyds Bank Plc 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, 1982 (1981 - None).

Current Cost Financial Statements  
1981/82

**Current Cost Profit & Loss Account** for the year ended 30th June, 1982

	Notes	1982 £	1981 £
Turnover		<u>£28,058,670</u>	<u>£14,126,057</u>
Historic cost profit before interest and taxation	3	4,818,214	2,418,380
Current cost operating adjustments and related interest	4	<u>232,944</u>	<u>163,407</u>
Current cost operating profit		4,585,270	2,254,973
Gearing adjustment		<u>40,396</u>	<u>19,430</u>
Current cost profit before taxation		4,625,666	2,274,403
Taxation		<u>2,187,446</u>	<u>1,138,607</u>
Current cost profit attributable to shareholders		2,438,220	1,135,796
Dividend		<u>161,780</u>	<u>132,298</u>
Current cost profit transferred to reserves		<u>£2,276,440</u>	<u>£1,003,498</u>
<b>Current cost earnings per share</b>			
based on profit before taxation		49.6p	24.4p
based on profit after taxation		26.1p	12.2p



# Current Cost Balance Sheet at 30th June, 1982

	Notes	1982 £	1981 £
<b>Assets Employed</b>			
Net current assets			
Stock		7,851,301	4,683,942
Monetary working capital		229,286	1,020,798
		<u>8,080,587</u>	<u>5,704,740</u>
Less proposed dividend		98,813	78,726
		<u>7,981,774</u>	<u>5,626,014</u>
Fixed assets	5	1,661,241	878,833
Interest in subsidiary company	6	924	—
		<u>£9,643,939</u>	<u>£6,504,847</u>
<b>Financed by</b>			
Share capital		2,331,250	2,331,250
Current cost reserve	7	551,169	437,844
Other reserves and retained profits	8	4,599,260	2,322,820
		<u>7,481,679</u>	<u>5,091,914</u>
Taxation including deferred asset		2,162,260	1,412,933
		<u>£9,643,939</u>	<u>£6,504,847</u>

# Notes on the Current Cost Financial Statements for the year ended 30th June, 1982

## 1. Description of the current financial statements

The current cost financial statements on pages 17 to 22 have been prepared in accordance with SSAP 16. 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. A gearing adjustment has been made to the extent of net borrowing provided by taxation payable over the year. 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. 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 in June, 1981. It is considered that there has been no movement in values from that date.
- c) Depreciation has been based on the revalued amounts, using the same asset lives as in the historical cost financial statements.
- 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 financial statements are identical to those in the historical cost financial statements.
- 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.

## 3. Historic cost profit before interest and taxation

	£	1982 £	1981 £
Trading profit as in the historic cost financial statements		4,769,727	2,375,671
Add back:			
Interest paid on overdrafts	98,445		74,022
Interest received	(49,958)		(31,313)
		<u>48,487</u>	<u>42,709</u>
		<u>£4,918,214</u>	<u>£2,418,380</u>

# Notes on the Current Cost Financial Statements (continued)

4.	Current cost operating adjustments			1982	1981
		£		£	£
	Working capital:				
	Cost of sales			189,579	50,321
	Monetary working capital	(48,942)			20,541
	Interest	<u>48,487</u>			<u>42,709</u>
				(455)	63,250
				189,124	113,571
	Additional depreciation			31,770	24,310
	Adjustment on disposal of fixed assets			<u>12,050</u>	<u>25,526</u>
				<u>£232,944</u>	<u>£163,407</u>
5.	Fixed assets				
		Gross	Accumulated	Net	Net
		£	£	£	£
	Land and buildings	1,061,291	19,754	1,041,537	436,996
	Plant and equipment	<u>970,867</u>	<u>351,163</u>	<u>619,704</u>	<u>441,837</u>
		<u>£2,032,158</u>	<u>£370,917</u>	<u>£1,661,241</u>	<u>£878,833</u>
6.	Interest in subsidiary company				
	The interest in the subsidiary company is stated at nominal share value.				
7.	Current cost reserve				
		£	£	£	£
	Balance 1st July, 1981			437,844	80,485
	Surplus on revaluation:				
	Fixed assets	58,300			76,566
	Stocks	(45,216)			220,558
	Monetary working capital adjustment	(48,942)			70,541
	Cost of sales adjustment	<u>189,579</u>			<u>50,321</u>
			153,721		376,786
	Gearing adjustment		<u>40,396</u>		<u>19,430</u>
				113,325	357,356
	Balance 30th June, 1982			<u>£551,169</u>	<u>£437,844</u>
8.	Other reserves and retained profit				
				£	£
	Distributable reserves at 1st July, 1981			2,322,820	1,319,322
	Profit transferred from current cost profit and loss account			<u>2,276,440</u>	<u>1,003,498</u>
	Balance 30th June, 1982			<u>£4,599,260</u>	<u>£2,322,820</u>

# Notes on the Current Cost Financial Statements (continued)

## 9. 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, 1982.

	1982 £	1981 £
Equity interest at the beginning of the year in current cost terms	5,224,212	3,797,967
Amount required to compensate for the change in the general purchasing power of money during the year (see Note below)	<u>466,919</u>	<u>422,787</u>
	5,691,131	4,220,754
Equity interest at the end of the year before deduction of dividends, as shown below*	<u>7,643,459</u>	<u>5,224,212</u>
Surplus	<u>£1,952,328</u>	<u>£1,003,458</u>

Note: The price index used to calculate the £466,919 in the above calculation is the Retail Price Index.

30th June, 1981	296.5	266.8
30th June, 1982	323.0	296.5

	£	£
*Net equity interest as shown in the current cost financial statements	7,481,679	5,091,914
Proposed dividend	98,813	78,726
Interim dividend	<u>62,967</u>	<u>53,572</u>
	<u>£7,643,459</u>	<u>£5,224,212</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 25th  
November, 1982, and at any adjournment thereof. This proxy is to be  
used as follows:

RESOLUTIONS		FOR	AGAINST
1	To receive and adopt the Financial Statements for the year ended 30th June, 1982 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.

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FOLD 1

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GORING-BY-SEA  
WORTHING  
WESTSUSSEX BN124BR

FOLD 1 AND TRUCK IN