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AMSTRAD

Amstrad Consumer Electronics
Public Limited Company

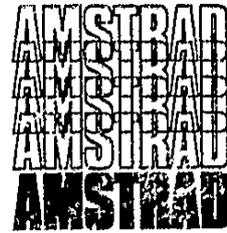
Annual Report & Financial Statements
1982/83



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Directors and Advisers

The Board of Directors

A. M. Sugar (Chairman and Managing Director)

J. L. Rice BA

R. A. Mould

M. M. Miller BA

R. J. Watkins

R. J. East MA (Non-Executive Director)

N. F. Shearman FCCA (Non-Executive Director)

Secretary

J. L. Rice BA

Financial Controller

J. W. Legon FCMA

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

Standard Chartered Bank PLC
28 Northumberland Avenue,
London WC2N 5AG

Merchant Bankers

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

Solicitors

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



Notice of Meeting

NOTICE IS HEREBY GIVEN that the 13th ANNUAL GENERAL MEETING OF Amstrad Consumer Electronics plc will be held at The Northumberland Suite, Tottenham Hotspur Football Club, Conference and Banqueting Centre, 748 High Road, Tottenham, London N17 0AP on 24th November, 1983, at 3pm for the following purposes:

1. To receive and adopt the Financial Statements for the year ended 30th June, 1983 and the Directors' and Auditors' reports thereon.
2. To declare a dividend.
3. To re-elect Directors.
4. To re-appoint the Auditors and authorise the Directors to fix their remuneration.
5. As special business, to consider and if thought fit pass the following resolutions, the first of which will be proposed as a special resolution and the second and third of which will be proposed as ordinary resolutions.

SPECIAL RESOLUTION

THAT:—

- (1) (i) each ordinary share of 25p in the capital of the Company be and is hereby sub-divided into 5 ordinary shares of 5p each; and
(ii) the Articles of Association of the Company be amended by the deletion from Article 69 of the words "25p in nominal amount of the ordinary shares" and the substitution therefor of the words "ordinary share".

ORDINARY RESOLUTIONS

- (2) THAT the authority contained in ordinary resolution number 3 set out in the Notice convening an Extraordinary General Meeting of the Company for 25th November, 1982 shall be extended so as to expire on 23rd November, 1988.
 - (3) THAT the authority contained in special resolution number 3 set out in the Notice convening an Extraordinary General Meeting of the Company for 26th November, 1981 shall be extended for a further period of one year and shall expire on 30th June, 1985.
6. To transact any other ordinary business of the Company.

28th October, 1983
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 registrar of the Company no later than forty-eight hours before the meeting.
3. Mr. A. M. Sugar, Mr. J. L. Rice, Mr. R. A. Mould, Mr. M. M. Miller and Mr. R. J. Watkins 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 25th November, 1983, will be posted to ordinary shareholders who are registered in the books of the Company at the close of business on the 28th October, 1983.



Financial Summary

Amstrad Consumer Electronics plc

	1983	1982	% Increase in 1983 over 1982
Turnover	£51,784,557	£28,058,670	85%
Profit on ordinary activities before taxation	£8,044,681	£4,769,727	69%
Earnings per share			
—based on profit on ordinary activities before taxation	43.0p	25.6p	68%
—based on profit on ordinary activities after taxation	28.5p	13.8p	107%
Dividend per share— Interim	1.120p	0.935p	20%
—Final	1.720p	1.435p	20%
Dividend cover	10.0*	5.8*	72%
Current cost dividend cover	10.0*	5.5*	82%

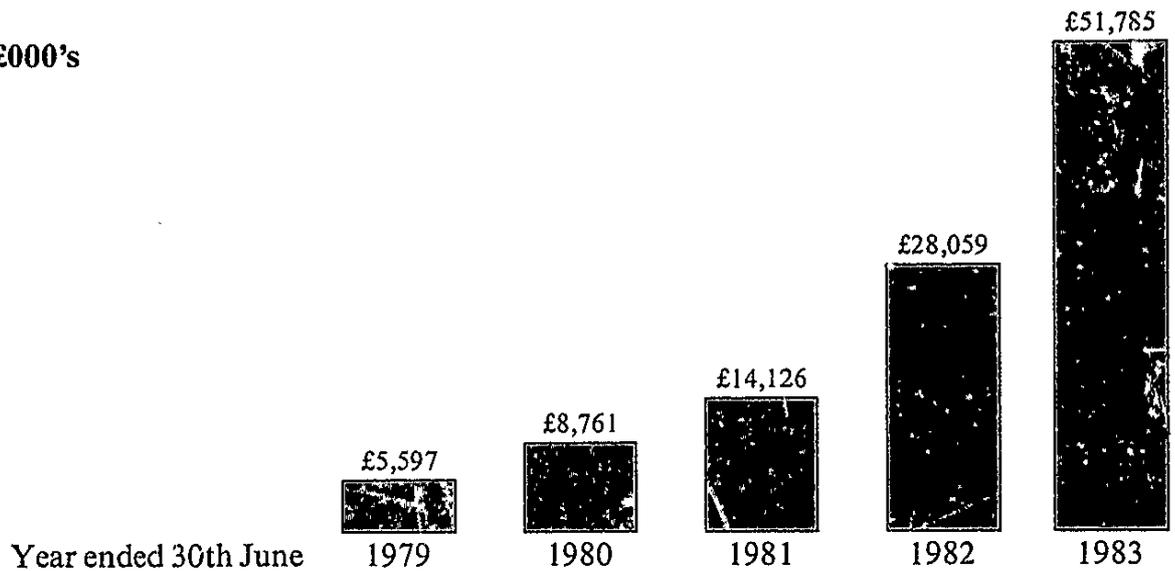
*before the waiver of £313,932 (1982—£280,225) by A. M. Sugar.



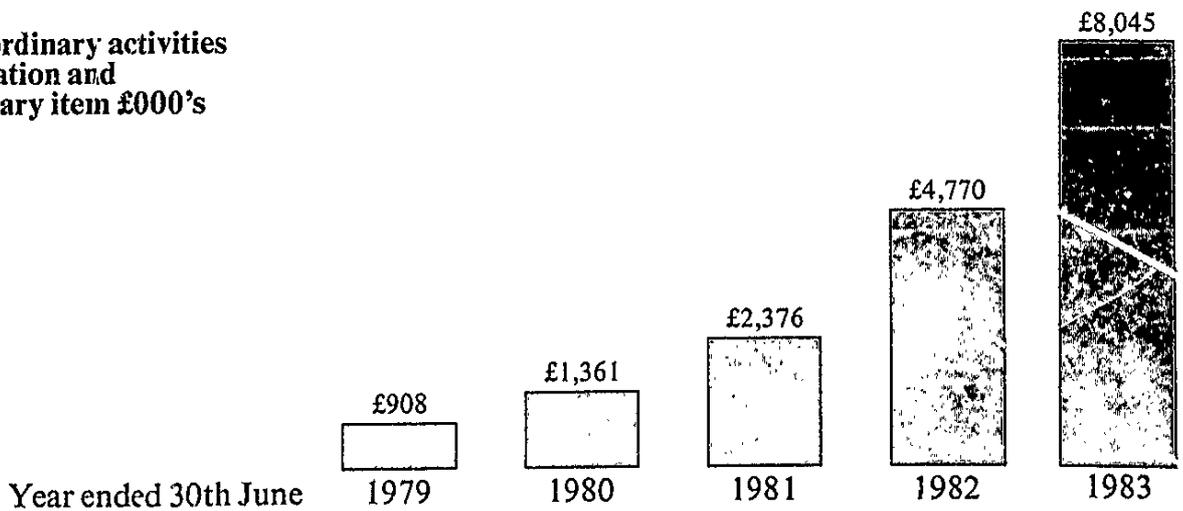
5 Year Record

Amstrad Consumer Electronics plc

Turnover £000's



Profit on ordinary activities before taxation and extraordinary item £000's





Chairman's Statement

Once again I am delighted to report record group turnover and profits for the year ended 30th June, 1983. Turnover was £51,784,557 an increase of 85%, and profits were £8,044,681, an increase of 69%. These magnificent results were achieved by our continued domination of the U.K. audio market in product availability and design; also deeper penetration into the colour TV market, aided by our very successful advertising and marketing strategy.

The products sold during the financial year included our range of tower racked audio units with remote control and our new stacked module audio unit with a motorised front loading record deck. These were well received by all of our dealers and in turn by the consumers. Once again these units were totally ahead of the Japanese and European competition.

We also experienced healthy continued sales in existing models (where at one time we expected a drop in sales due to the competition), it was very encouraging to see that our brand name and reputation was worth more to our dealers and the ultimate buying public, than that offered by secondary branded competition. Our advertising strategy paid off very well and serves a twofold purpose, one being to promote sales of our products for our dealers during the selling season, and the other being (perhaps even more importantly) the build-up of our brand name awareness. Advertising during this financial year was only on our audio range of products.

You will recall that in previous statements, I mentioned the company entering into the Colour Television (CTV) market. I am delighted to say that the first CTV product brought to the market by us (CTV-1400) was very well accepted and our efforts in design and quality control were rewarded by good sales and praise from a leading consumer magazine, which highlighted our product as joint best buy in the U.K. market.

Based on the same electronic circuit design of the first TV set, we also started production of a 22" CTV with Remote Control in June of this year. This new model was shown to our dealers earlier this year and our full order book clearly illustrates the acceptability of the product. Launched in May this year, was our VHS Video Cassette Recorder (VCR) which has also been accepted very well by our dealers. We entered this market in a year when there was a lot of confusion brought about by an agreement made between the EEC and Japanese Government, but we are pleased to say that our allocation of quantity of these items is quite satisfactory for our requirements.

Our range of CTV and our VCR will be featured, together with audio products in forthcoming advertising campaigns. We are very confident that we shall achieve a similar success in sales and market penetration on CTV and VCR as we have on our audio products and at the same time, expand our audio business share.

It should be noted that sales of VCR and the 22" CTV in the year we are now reporting, were very small as they were launched shortly before our financial year end. However, sales to date in the current financial year of these products are so far very pleasing.

In past reports, I have explained how flexible Amstrad is as a company, in being able to move in and out of product areas quickly, in adapting to fluctuating currency exchange rates, quickly moving our production from one country to another. This year also demonstrates that as sterling weakened against foreign currencies, we took advantage of the export potential of our products. Exports are up this year from £118,330 to £5,300,231, quite a remarkable turn around. Whilst these export sales were quite small in respect to our overall turnover, it is encouraging to see that we have "planted our seeds" very well in the European market. Export business is more difficult to conclude than home market sales and unfortunately, the poor reputation of British consumer products does not help our task. However, we welcome the challenge of selling our products in the rest of Europe against the competition of the Japanese and other European countries, and feel this new market will develop well in the future as a useful profit earner and source of pride and satisfaction for the company.

The move into our new factory at Shoeburyness went very well with a minimum disruption to production and sales. This factory is now fully equipped with all of the necessary production equipment to enable us to assemble over 2,000 audio units and 4,000 loudspeaker systems per day. A sophisticated CTV production line has also been installed and has the capability of producing 900 sets per day. This factory is now quite full and thought is now being given to an adjacent site for further expansion.



Our U.K. customer base is still made up of most of the major retailers in the High Street together with most mail order companies. Also this year, we decided to appoint some U.K. wholesale distributors to service the smaller independent retailers. We are pleased to report that the three distributors we have are doing a fine job in representing us to the smaller independent dealer in Scotland, Northern Ireland and England.

Dividend

Bearing in mind the excellent results for the year, the Board of Directors are recommending a final dividend of 1.72p per ordinary share, a 20% increase on last years' dividend. Together with the interim dividend of 1.12p per ordinary share already paid, this makes a total distribution for the year of 2.84p per ordinary share and is equivalent to 4.06p per ordinary share with the related tax credit at the current rate of $\frac{3}{7}$ ths.

Sub-Division of Shares

In view of the present level of the market price of the Company's Ordinary 25p Shares, and in order to improve the marketability of the shares, the Board considers it desirable that each existing 25p Ordinary Share should be sub-divided into five Ordinary Shares of 5p each. A Resolution to this effect will be proposed at the AGM of the Company to be held on 24th November, 1983.

Future

As previously mentioned, the new factory is now quite full and we must seriously consider our future expansion of home market production. It is clear that our move into the CTV market is showing signs of great success and our present manufacturing capacity will not be large enough to handle further expansion in the years to come. Therefore, serious thought is being given to a site adjacent to the existing factory, where a similar size facility could be built.

Our current factory is 133,000 square feet and the site adjacent would accommodate a factory a little larger plus a separate engineering and development building. Obviously, a lot of consideration has been given to this matter, and a decision will be reached very shortly.

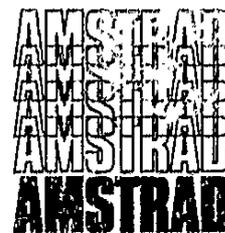
We are introducing a new range of Tower Racked Hi-Fi systems which incorporate Linear Tracking Turntables and a full remote control facility. This basically means that the consumers can operate their Hi-Fi unit completely by remote control. These units will sell at a very competitive price and we are sure will be a tremendous success in this current year.

We are also introducing a twin cassette version of our popular stacked module unit. We have found that our advertising promotion has enabled us to establish ourselves as one of the leading suppliers of twin cassette equipment in the U.K. (twin cassette equipment meaning the consumer can duplicate one tape to another).

Currently under development is our new range of CTV, which we hope to introduce in the middle part of 1984. Whilst the features and design of colour television are far more stable than in the case of audio equipment, it is still necessary to continually up-date our models, taking advantage of modern day technology, especially that of the incorporation of certain micro processor devices to enable production costs to be reduced.

You are aware that we have already entered the VCR market. We are currently considering our future plans on VCR to include that of assembling VCR in the U.K. To do so would definitely require additional production space, and therefore these plans will be actioned after a decision is made on a new manufacturing facility.

At the moment, there is confusion due to arrangements made between the EEC and the Japanese Government over sales of VCR machines in the EEC. It is quite clear that the EEC wishes to encourage the manufacture of VCR locally rather than allow import of these items. However, we consider the



Chairman's Statement (continued)

manufacture of VCR's can only start by primarily assembling kits until we have become familiar with this technology. At the moment, kits are included within the quota laid down by the EEC, but we feel confident that very shortly, kits will be excluded from the restrictive quotas and we will be clear to start our own production of VCR's.

Overseas Activities

During this financial year, our overseas subsidiary—Amstrad International (Hong Kong) Ltd. traded very well in selling products designed by us (but made in the Far East) to other world markets. This company contributed usefully to our profit this financial year. With the products we plan to produce in the future, they will continue to grow rapidly and become a very substantial profit earner for the group.

Amstrad S.A.R.L. our subsidiary in Paris also made an excellent profitable advancement this year and successfully sold our products (made in England) to major French retailers and mail order companies. We feel that the relationship they have established with their customers will pay off well in the future.

We have guided our staff in France to promote and market our products along the same lines as we have in the U.K. This strategy is paying off, and this year we plan our first advertising campaign in France. We feel quite confident the results will be very similar to those achieved in the U.K.

Conclusion

Once again we have achieved an excellent result. This achievement has been brought about by continued efforts and determination. We are very conscious of the necessity of maintaining our profit margin and we will only enter into product areas which offer good margins. You will notice that there has been a slight reduction in our pre-tax profit as a percentage to turnover. This can be explained by the fact that we enjoyed good sales of our CTV-1400, which is an item purchased by us fully assembled and packed, enabling us to accept a smaller gross margin on it as compared with those goods which we assemble. The resultant mix of sales of audio products at a traditional margin and the CTV-1400 at a lower gross margin has caused this small reduction. It should be noted that we will be selling large quantities of Video Recorders at a high ex-warehouse price during 1983-84. As these items are also received fully assembled, we will apply a similar distribution margin. I would like to make it quite clear that the reduction in margin we are experiencing is due only to distribution items being sold and in no way are we experiencing any difficulty in maintaining our margins on items which we assemble.

I would like to take this opportunity to welcome to the Board Mr. Malcolm Miller as Marketing Director and Mr. Robert Watkins as Technical Director. Both of these gentlemen have been with the company for a considerable time and they are fully conversant with its activities. I am sure they will be a great asset to the company in years to come.

Finally I would like to thank all of the team at Amstrad in the U.K. and in our overseas subsidiaries for the wonderful achievement this year. Sales for the first three months of the current financial year are very encouraging and I am quite confident that our achievement in the forthcoming year will be traditionally in the true Amstrad style.

5th October, 1983

A. M. Sugar
Chairman



Directors' Report

Amstrad Consumer Electronics plc

The Directors have pleasure in presenting their report and the audited financial statements for the year ended 30th June, 1983.

Activities and Results

We are pleased to announce yet another excellent year for Amstrad and its first consolidated financial statements show;

Group Turnover Advanced to	£51,784,557
Group Pre-Tax Profit Advanced to	£8,044,681

The most significant contribution to these figures was made by our range of Tower Racked Audio Units, the new Stacked Module Audio Unit with the motorised front loading record deck, and our Colour Television range. Our overseas subsidiaries traded profitably during the year and we look forward to this continuing in the current year.

At home, the move into the new factory at Shoeburyness went according to schedule. This factory is now fully operational but in order to cope with future growth, consideration is now being given to building another factory on an adjacent site.

During the course of this next financial year several new products will be launched, including a fully Remote Control Tower System, a Twin Cassette Audio Unit and two 22" Television models.

The strong financial position of the group at the year end is shown by the consolidated balance sheet. The profit for the year and the amount transferred to reserves are shown in the consolidated profit and loss account on page 12. The Directors recommend a final dividend of 1.72p per ordinary share. Mr. A. M. Sugar has waived his final dividend except for a nominal 0.05p per ordinary share.

Directors and Directors' Interests

The present membership of the Board is as set out on page 2.

Mr. M. M. Miller and Mr. R. J. Watkins were appointed on 4th April, 1983. Neither beneficially held ordinary shares at that date or at the 30th June, 1983.

Mr. M. M. Miller and Mr. R. J. Watkins retire under article 99 and together with Mr. N. F. Shearman, who retires by rotation, offer themselves 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.

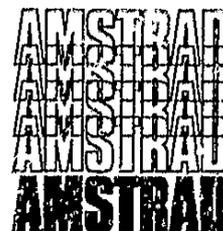
Directors' Interests	No. of ordinary shares beneficially held	
	30th June, 1983	30th June, 1982
A. M. Sugar	10,988,750	12,188,750
J. L. Rice	12,200	11,800
R. A. Mould	13,800	13,800
R. J. East	8,000	10,000
N. F. Shearman	2,000	2,000

Comparative figures have been restated to reflect the capitalisation issue on 25th November, 1982.

Special Business at the Annual General Meeting

The three resolutions, set out as special business in the notice convening the Annual General Meeting, provide for the following:—

- (1) the sub-division of each ordinary share of 25p into 5 ordinary shares of 5p, and a consequential amendment to the Articles of Association of the Company so that each new ordinary share of 5p carries 1 vote;
- (2) the extension of the directors' authority to allot all the unissued shares in the capital of the Company (other than for cash) until 23rd November, 1988. The maximum nominal amount of ordinary shares that may be allotted pursuant to this authority is £1,337,500 (22.3%) of authorised share capital; and
- (3) the extension of the directors' authority to allot ordinary shares for cash until 30th June, 1985. This authority is limited, other than in respect of issues by way of rights, to five per cent (£300,000) of the ordinary shares in the authorised share capital of the Company.



Directors' Report (continued) Amstrad Consumer Electronics plc

Sub-Division of Shares

If the share split resolution is approved, new certificates will not be issued. The existing certificates will remain valid for ordinary shares of 5p and will represent five times the number of shares shown on such certificates for 25p. Application will be made to The Stock Exchange for the ordinary shares to be admitted to the Official List in the new form.

Substantial Shareholdings

At the date of this report the Company has been notified that Clerical Medical & General Life Assurance Society had an interest in 2,470,000 ordinary shares representing 13.2% of the issued ordinary shares.

Tangible Fixed Assets

Details of movement in the tangible 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.

Charitable and Political donations

No political contributions were made during the year (1982—Nil)

Charitable contributions made by the Company £250 (1982—£105)

Current Cost Financial Statements

Audited current cost financial statements prepared in accordance with SSAP16 are set out on pages 22 to 26.

Close Company Status

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

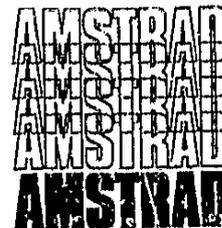
Auditors

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

5th October, 1983
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 financial statements on pages 12 to 26 in accordance with approved Auditing Standards.

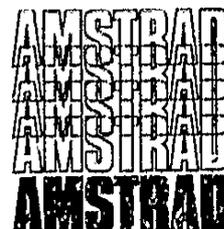
In our opinion the financial statements on pages 12 to 21 give, under the historical cost convention stated in note 1(a), a true and fair view of the state of affairs of the company and the group at 30th June, 1983 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the abridged supplementary current cost financial statements on pages 22 to 26 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.

5th October, 1983

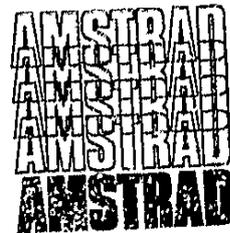
Chartered Accountants

**Consolidated
Profit and Loss Account** for the year ended 30th June, 1983
Amstrad Consumer Electronics plc



	Notes	1983		1982	
		£	£	£	£
Turnover	3		51,784,557		28,058,670
Change in stocks of finished goods and work in progress			6,029,922		3,212,575
			<u>57,814,479</u>		<u>31,271,245</u>
Other operating income			93,256		12,518
			<u>57,907,735</u>		<u>31,283,763</u>
Raw materials and consumables		42,136,798		22,259,384	
Other external charges		4,527,453		2,544,017	
Staff costs	4	2,025,095		1,321,720	
Depreciation and other amounts written off tangible fixed assets		394,768		320,842	
Other operating charges		149,165		6,306	
			<u>49,233,279</u>		<u>26,452,269</u>
			8,674,456		4,831,494
Income from other fixed asset investments		207		2,000	
Other interest receivable and similar income		80,559		90,420	
			<u>80,766</u>		<u>92,420</u>
			8,755,222		4,923,914
Interest payable and similar charges			<u>710,541</u>		<u>154,187</u>
Profit on ordinary activities before taxation	2		8,044,681		4,769,727
Tax on profit on ordinary activities	5		<u>2,704,312</u>		<u>2,187,446</u>
Profit on ordinary activities after taxation			5,340,369		2,582,281
Profit attributable to minority interests			<u>20,938</u>		<u>—</u>
Profit for the financial year attributable to shareholders of Amstrad Consumer Electronics plc			5,319,431		2,582,281
Dividends	6		<u>215,728</u>		<u>161,780</u>
Profit transferred to reserves			<u>£5,103,703</u>		<u>£2,420,501</u>
Earnings per Share					
based on profit on ordinary activities before taxation	7		43.0p		25.6p
based on profit on ordinary activities after taxation	7		28.5p		13.8p

The attached notes form part of these financial statements.

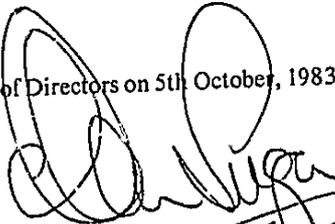
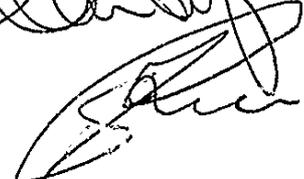


Consolidated Balance Sheet at 30th June, 1983

Amstrad Consumer Electronics plc

	Notes	1983		1982	
		£	£	£	£
Fixed assets					
Tangible assets	9		3,765,061		1,525,911
Investments	15		—		924
			<u>3,765,061</u>		<u>1,526,835</u>
Current assets					
Stocks	8	13,716,729		7,698,855	
Debtors	10	6,118,146		3,310,187	
Cash at bank and in hand		3,011,767		4,559	
		<u>22,846,642</u>		<u>11,013,601</u>	
Creditors					
Amounts falling due within one year:	11	14,293,114		5,346,533	
Net current assets			<u>8,553,528</u>		<u>5,667,068</u>
Total assets less current liabilities			<u>12,318,589</u>		<u>7,193,903</u>
Minority interest			20,983		—
			<u>£12,297,606</u>		<u>£7,193,903</u>
Capital and reserves					
Called up share capital	12		4,62,500		2,331,250
Revaluation reserve	14		72,413		76,520
Profit and loss account	14		7,567,693		4,786,133
			<u>£12,297,606</u>		<u>£7,193,903</u>

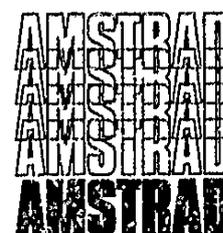
These financial statements were approved by the Board of Directors on 5th October, 1983.

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

The attached notes form part of these financial statements.

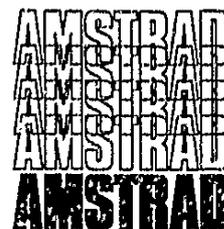
Consolidated
Source and Application of Funds for the year ended 30th June, 1983
 Amstrad Consumer Electronics plc



	1983 £	1982 £
Source of Funds		
Profit before taxation	8,044,681	4,769,727
Adjustment for items not involving the movement of funds:		
Depreciation of tangible fixed assets	284,046	144,146
Profit and loss on sale and write off of tangible fixed assets	110,723	168,696
Other	969	(33,119)
Total generated from operations	<u>8,440,419</u>	<u>5,049,450</u>
Disposal of tangible fixed assets	32,615	37,251
	<u>8,473,034</u>	<u>5,086,701</u>
Application of Funds		
Purchase of tangible fixed assets	2,666,534	1,118,021
Tax paid	1,425,927	1,438,119
Dividends paid	177,273	141,693
	<u>£4,203,300</u>	<u>£2,388,868</u>
Increase in Working Capital		
Increase in stocks	6,017,874	3,212,575
Increase in debtors	2,807,959	929,247
Increase in creditors	(7,792,596)	(1,356,003)
	<u>1,033,237</u>	<u>2,785,819</u>
Movement of Net Liquid Funds	<u>3,170,063</u>	<u>(396,951)</u>
	<u>£4,203,300</u>	<u>£2,388,868</u>

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

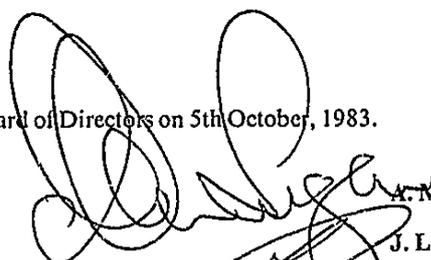
Comparative figures have been restated to eliminate movement of funds with subsidiary shown in previous year.



Balance Sheet at 30th June, 1983
Amstrad Consumer Electronics plc

	Notes	1983		1982	
		£	£	£	£
Fixed assets					
Tangible assets	9		3,754,098		1,525,911
Investments	15		<u>2,588</u>		<u>924</u>
			3,756,686		1,526,835
Current assets					
Stocks	8	13,669,669		7,698,855	
Debtors	10	5,434,750		3,310,187	
Cash at bank and in hand		<u>2,702,803</u>		<u>4,559</u>	
		21,807,222		11,013,601	
Creditors					
Amounts falling due within one year:	11		<u>13,730,531</u>		<u>5,346,533</u>
Net current assets			<u>8,076,691</u>		<u>5,667,068</u>
Total assets less current liabilities			<u>£11,833,377</u>		<u>£7,193,903</u>
Capital and reserves					
Called up share capital	12		4,662,500		2,331,250
Revaluation reserve	14		72,413		76,520
Profit and loss account	14		<u>7,098,464</u>		<u>4,786,133</u>
Shareholders funds			<u>£11,833,377</u>		<u>£7,193,903</u>

These financial statements were approved by the Board of Directors on 5th October, 1983.

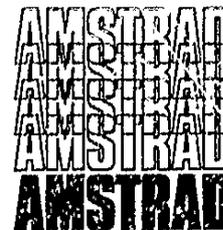


 A. M. Sugar }



 J. L. Rice } Directors

The attached notes form part of these financial statements.



Notes on the Financial Statements for the year ended 30th June, 1983

1. Accounting policies

a) Accounting Convention

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

b) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its two trading subsidiaries for the year ended 30th June, 1983. Consolidated accounts were not prepared in the year ended 30th June, 1982 as the Directors regarded their presentation insignificant within the meaning of section 150 of the Companies Act, 1948. For comparative figures in the Consolidated Profit and Loss Account and Consolidated Balance Sheet, the Company results for the year ended 30th June, 1982 have been used.

c) Depreciation

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

Freehold buildings	2%
Short leases	Over the residual term of the lease
Plant and machinery	10—33%
Fixtures and fittings, tools and equipment	10—50%

A 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 short leases from 1st July, 1979.

d) Investments

Investments have been valued at their foreign currency cost and translated to sterling at the rate of exchange ruling at 30th June, 1983

e) 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.

f) 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.

g) Foreign currencies

Assets and liabilities at the 30th June, 1983 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 financial statements of the subsidiary companies have been incorporated at the rate of exchange ruling at 30th June, 1983.



Notes on the Financial Statements

2.	Profit on ordinary activities before taxation is after charging/(crediting)	1983 £	1982 £
		284,046	144,146
	Depreciation of tangible fixed assets	26,943	17,950
	Auditors' remuneration	377,057	98,445
	Interest payable on overdraft repayable within 5 years	58,222	—
	Discount on bills payable	(27,620)	(49,958)
	Interest received	<u> </u>	<u> </u>
3.	Turnover	1983 £	1982 £
	The amount of turnover attributable to geographical areas was as follows:		
	United Kingdom	46,484,326	27,940,340
	Other European countries	4,771,510	111,893
	Other countries	528,721	6,437
		<u>£51,784,557</u>	<u>£28,058,670</u>
	Turnover consists of the total sales invoiced to external customers during the year exclusive of Value Added Tax and other sales taxes.		
4.	Staff costs	1983 £	1982 £
	Directors' remuneration	164,370	124,154
	The remuneration of the Chairman and highest paid Director was:	61,320	59,169
	The Directors' remuneration was distributed as follows:	1983 No.	1982 No.
	£Nil — £5,000	2	2
	£5,001 — £10,000	2	—
	£10,001 — £25,000	—	1
	£20,001 — £25,000	1	—
	£30,001 — £35,000	—	1
	£35,001 — £40,000	1	—
	£40,001 — £55,000	—	1
	£55,001 — £60,000	1	—
	£60,001 — £65,000	—	—
	Employees' having remuneration in excess of £30,000 were distributed as follows:	1983 No.	1982 No.
	£30,001 — £35,000	—	1
	£35,001 — £40,000	1	—
	Wages and Salaries including directors emoluments	1983 £	1982 £
	Social security costs	1,837,910	1,184,064
		187,185	137,656
		<u>£2,025,095</u>	<u>£1,321,720</u>
	These costs were in respect of the average number of employees during the year as follows:	No.	No.
	Production	325	216
	Sales, distribution and administration	46	35
		<u>371</u>	<u>251</u>



Notes on the Financial Statements (continued)

5. Taxation	1983 £	1982 £
United Kingdom Corporation Tax at 52% based on the profit for the year	2,607,546	2,187,446
Overseas Tax	96,766	—
	<u>£2,704,312</u>	<u>£2,187,446</u>

The taxation charge for the year has been reduced by £1,021,000 (1982—£134,000) in respect of differences between capital allowances and depreciation and by £270,000 (1982—£168,000) in respect of stock relief.

The potential liability for deferred taxation is as follows:

	1983 £	1982 £
Differences between capital allowances and depreciation	1,298,000	277,000
Corporation Tax payable if the freehold property was to be disposed of at its revalued amount	22,000	23,000
	<u>£1,320,000</u>	<u>£300,000</u>

6. Dividend

The Directors propose a final dividend of 1.72p (1982—1.435p) per ordinary share, which, together with the interim dividend of 1.12p (1982—0.935p) per ordinary share paid on 15th April, 1983 makes a total distribution of 2.84p (1982—2.37p) per ordinary share in respect of the year ended 30th June, 1983. This is equivalent to 4.06p (1982—3.385p) per ordinary share with the related tax credit at the current rate of 3/7ths.

Mr. A. M. Sugar has waived dividends amounting to £313,932 (1982—£280,225) on his ordinary shares.

Comparative figures have been adjusted to take account of the 1 for 1 capitalisation issue agreed at the Extraordinary General Meeting on the 25th November, 1982.

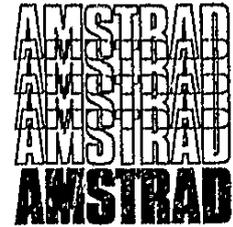
7. Earnings per share

The calculation of earnings per share, in accordance with the Statement of Standard Accounting Practice No. 3, is based on profit after tax and after deducting minority interests on 18,650,000 ordinary shares in issue reflecting the capitalisation issue on 25th November, 1982.

In addition, earnings per share based on profit on ordinary activities before taxation, less the appropriate amount in respect of minority interests profit on ordinary activities before taxation, are shown.

8. Stocks	1983 Company £	1983 Consolidated £	1982 Company £
The amounts attributed to the different categories are as follows:			
Raw materials and consumables	7,419,244	7,419,244	2,303,345
Work in progress	330,658	330,658	214,590
Finished goods and goods for resale	5,919,767	5,966,827	5,180,920
	<u>£13,669,669</u>	<u>£13,716,729</u>	<u>£7,698,855</u>

The replacement cost of stocks held at 30th June, 1983 was £48,000 greater (1982—£152,000 greater) than the amount at which they are stated in the financial statements.



Notes on the Financial Statements

9. Tangible fixed assets

COMPANY	Freehold land and buildings £	Short leases £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
As at 1st July, 1982					
Cost	625,367	7,000	302,916	458,862	1,394,145
Valuation	395,000	—	—	—	395,000
Additions	1,481,350	—	159,178	1,013,076	2,653,604
Disposals	(18,732)	(1,000)	(21,214)	(150,287)	(191,233)
Cost or valuation at 30th June, 1983	2,482,985	6,000	440,880	1,321,651	4,251,516
Depreciation at 1st July, 1982	16,400	1,833	91,658	153,343	263,234
Charged in year Disposals	16,217 (500)	750 (333)	62,117 (8,871)	202,995 (38,191)	282,079 (47,895)
Depreciation at 30th June, 1983	32,117	2,250	144,904	318,147	497,418
Net Book Value at 30th June, 1983	2,450,868	3,750	295,976	1,003,504	3,754,098
Net Book Value at 30th June, 1982	1,003,967	5,167	211,258	305,519	1,525,911
CONSOLIDATED					
As at 1st July, 1982					
Cost	625,367	7,000	302,916	458,862	1,394,145
Valuation	395,000	—	—	—	395,000
Additions	1,481,350	—	159,178	1,026,006	2,666,534
Disposals	(18,732)	(1,000)	(21,214)	(150,287)	(191,233)
Cost or valuation at 30th June, 1983	2,482,985	6,000	440,880	1,334,581	4,264,446
Depreciation at 1st July, 1982	16,400	1,833	91,658	153,343	263,234
Charged in year Disposals	16,217 (500)	750 (333)	62,117 (8,871)	204,962 (38,191)	284,046 (47,895)
Depreciation at 30th June, 1983	32,117	2,250	144,904	320,114	499,385
Net Book Value at 30th June, 1983	2,450,868	3,750	295,976	1,014,467	3,765,061
Net Book Value at 30th June, 1982	1,003,967	5,167	211,258	305,519	1,525,911

Cost and depreciation as at 1st July, 1982 have been reclassified to comply with the headings required in Schedule 1, Part 1 to the Companies Act, 1981.



Notes on the Financial Statements (continued)

	1983 Company £	1983 Consolidated £	1982 Company £
10. Debtors			
Trade debtors	4,956,116	5,838,751	3,117,249
Amounts owed by group companies	236,306	—	32,195
Other debtors	9,797	9,797	1,790
Prepayments	232,531	269,598	158,953
	<u>£5,434,750</u>	<u>£6,118,146</u>	<u>£3,310,187</u>

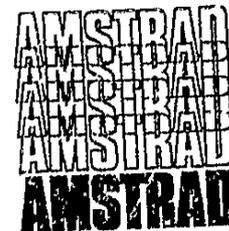
	1983 Company £	1983 Consolidated £	1982 Company £
11. Creditors -- amounts falling due within one year			
Bank overdraft	—	—	162,855
Trade creditors	1,124,422	1,192,930	655,059
Bills of exchange payable	7,181,346	7,625,841	826,180
Amounts owed to group companies	43,213	—	—
U.K. corporation tax	3,430,700	3,430,700	2,204,609
Other U.K. taxation and social costs	1,165,319	1,165,319	805,992
Overseas taxation	—	52,294	—
Other creditors	188,018	204,178	397,047
Accruals	460,245	484,584	195,978
Dividend proposed	137,268	137,268	98,813
	<u>£13,730,531</u>	<u>£14,293,114</u>	<u>£5,346,533</u>

12. Called up share capital	30th June, 1983		30th June, 1982	
	Ordinary shares of 25p each	£	Ordinary shares of 25p each	£
Authorised share capital comprised:	Shares	£	Shares	£
	24,000,000	6,000,000	12,000,000	3,000,000
Of which the following were allotted, issued and fully paid up	18,650,000	4,662,500	9,325,000	2,331,250

On the 25th November, 1982, at an Extraordinary General Meeting, the authorised share capital of the Company was increased to £6,000,000. In order to bring the issued share capital of the Company more into line with the total value of the shareholders' funds, £2,331,250 standing to the credit of reserves was capitalised and a capitalisation issue made to the ordinary shareholders of 9,325,000 ordinary shares of 25p each in the proportion of one new ordinary share for each ordinary share held at close of business on 28th October, 1982 (increasing the allotted, issued and fully paid up share capital to £4,662,500).

13. Profit of Parent Company

The consolidated profit and loss account includes £4,855,202 which is dealt within the parent company's profit and loss account. The latter is not included in these financial statements as permitted by section 149(5) of the Companies Act 1949.



Notes on the Financial Statements

14. Reserves	1983 Company £	1983 Consolidated £	1982 Company £
Revaluation reserve:			
As at 1st July, 1982	76,520	76,520	76,520
Depreciation of revalued tangible fixed asset	<u>(4,107)</u>	<u>(4,107)</u>	<u>—</u>
As at 30th June, 1983	<u>£72,413</u>	<u>£72,413</u>	<u>£76,520</u>
Profit and loss account:			
As at 1st July, 1982	4,786,133	4,786,133	2,365,632
Capitalisation (see note 12)	<u>(2,331,250)</u>	<u>(2,331,250)</u>	<u>—</u>
Retained profit for the year	4,639,474	5,103,703	2,420,501
Depreciation of revalued tangible fixed asset	<u>4,107</u>	<u>4,107</u>	<u>—</u>
As at 30th June, 1983	<u>£7,098,464</u>	<u>£7,562,693</u>	<u>£4,786,133</u>

15. Investments	1983 Company £	1982 Company £
Shares in subsidiaries at cost:		
At 1st July, 1982	924	—
Additions	<u>1,664</u>	<u>924</u>
At 30th June, 1983	<u>2,588</u>	<u>924</u>

The following information relates to the Company's subsidiaries, which, in the opinion of the Directors principally affect the consolidated profits or assets of the company.

Name of subsidiary and country of registration	Date of acquisition	Description of shares held	Proportion of nominal value shares held
Amstrad International (Hong Kong) Ltd. Hong Kong	21st Sept, 1981	ordinary 1 HK\$ shares	95%
Amstrad S.A.R.L. France	1st July, 1982	ordinary 1 F.Fr. shares	100%

16. Capital expenditure	1983 £	1982 £
Contracted for but not provided in the accounts	69,941	Nil
Authorised but not contracted for	<u>3,000,000</u>	<u>Nil</u>

17. Contingent liabilities

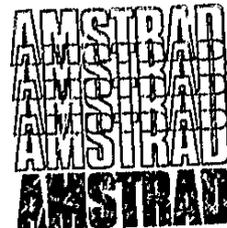
The company has given a guarantee in the sum of £500,000 to Lloyds Bank Plc in respect of H.M. Customs and Excise for the deferred duty arrangement.

There were no other contingent liabilities other than those arising in the normal course of business including deferred taxation (see note 5) at 30th June, 1983 (1982—None).

**Consolidated Current Cost
Profit and Loss Account** for the year ended 30th June, 1983
Amstrad Consumer Electronics plc



	Notes	1983 £	1982 £
Turnover		<u>51,784,557</u>	<u>28,058,670</u>
Historic cost profit on ordinary activities before interest and taxation	3	8,452,340	4,818,214
Current cost operating adjustments and related interest	4	<u>446,879</u>	<u>232,944</u>
Current cost operating profit		8,005,461	4,585,270
Gearing adjustment		<u>7,812</u>	<u>40,396</u>
Current cost profit on ordinary activities before taxation		8,013,273	4,625,666
Taxation		<u>2,704,312</u>	<u>2,187,446</u>
Current cost profit on ordinary activities after taxation		5,308,961	2,438,220
Minority interest		<u>20,646</u>	<u>—</u>
Current cost profit attributable to shareholders of Amstrad Consumer Electronics plc		5,288,315	2,438,220
Dividends		<u>215,728</u>	<u>161,780</u>
Current cost profit transferred to reserves		<u>£5,072,587</u>	<u>£2,276,440</u>
Current cost earnings per share			
based on profit on ordinary activities before taxation		42.9p	24.8p
based on profit on ordinary activities after taxation		28.4p	13.1p



Consolidated Current Cost Balance Sheet at 30th June, 1983

Amstrad Consumer Electronics plc

	Notes	1983 £	1982 £
Assets Employed			
Net current assets		13,764,732	7,851,301
Stock		(1,601,768)	229,286
Monetary working capital		<u>12,162,964</u>	<u>8,080,587</u>
		137,268	98,813
Less proposed dividend		<u>12,025,696</u>	<u>8,179,400</u>
		3,889,832	1,661,241
Tangible fixed assets	5	—	924
Investments		<u>15,915,528</u>	<u>9,643,939</u>
		20,995	—
Minority interests	8	<u>£15,894,533</u>	<u>£9,643,939</u>
		4,662,500	2,331,250
Financed by		467,271	551,169
Share capital	6	7,340,597	4,599,260
Current cost reserve	7	<u>12,470,368</u>	<u>7,481,679</u>
Other reserves and retained profits		3,424,165	2,162,260
		<u>£15,894,533</u>	<u>£9,643,939</u>
Taxation including deferred asset			

Notes on the Current Cost Financial Statements

for the year ended 30th June, 1983
Anstrad Consumer Electronics plc



1. Description of the current cost financial statements

The current cost financial statements on pages 22 to 26 have been prepared in accordance with SSAP16. 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.
- b) Land and buildings in respect of the new factory at Shoeburyness, completed in February, 1983, have been valued at cost. Other 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) 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 the Department of Industry's Price Index 37500.
- 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.
- h) The current cost financial statements of the Company and its subsidiaries have been consolidated using the same accounting policies used in preparing the historic cost financial statements.

3. Historic cost profit on ordinary activities before interest and taxation

	£	1983	£	1982	£
Profit on ordinary activities before taxation as in the historic cost financial statements			8,044,681		4,769,727
Add back:					
Interest paid on overdrafts		377,057			98,445
Discounts on bills payable		58,222			—
Interest received		(27,620)			(49,958)
			407,659		48,487
			£8,452,340		£4,818,214

Notes on the Current Cost Financial Statements



4. Current cost operating adjustments

	£	1983 £	1982 £
Working capital:			
Cost of sales		3,489	189,579
Monetary working capital	(17,453)		(48,942)
Interest and discount on bills	407,659		48,487
		<u>390,206</u>	<u>(455)</u>
		393,695	189,124
Additional depreciation		32,303	31,770
Adjustment on disposal of tangible fixed assets		20,881	12,050
		<u>£446,879</u>	<u>£232,944</u>

5. Tangible fixed assets

	Gross £	Accumulated Depreciation £	Net £	Net £
Land and buildings	2,514,985	35,386	2,479,599	1,041,537
Plant and equipment	2,011,425	601,192	1,410,233	619,704
	<u>£4,526,410</u>	<u>£636,578</u>	<u>£3,889,832</u>	<u>£1,661,241</u>

6. Current cost reserve

	£	£	£	£
Balance 1st July, 1982			551,169	437,844
Surplus on revaluation:				
Tangible fixed assets	42,625			58,300
Stocks	(104,443)			(45,216)
Monetary working capital adjustment	(17,453)			(48,942)
Cost of sales adjustment	3,489			189,579
		(75,782)		153,721
Gearing adjustment		(7,812)		(40,396)
		(83,594)		113,325
Amount attributable to minority interests		(304)		—
			(83,898)	113,325
			<u>£467,271</u>	<u>£551,169</u>

7. Other reserves and retained profit

	£	£
Distributable reserves at 1st July, 1982	4,599,260	2,322,820
Capitalisation issue 25th November, 1982	(2,331,250)	—
Profit transferred from current cost profit and loss account	5,072,587	2,276,440
	<u>£7,340,597</u>	<u>£4,599,260</u>

Notes on the Current Cost Financial Statements (continued)

8. Minority interest

The minority interest is the historic cost minority interest together with the appropriate proportion of the monetary working capital adjustment and gearing adjustment.

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, 1983.

	1983 £	1982 £
Equity interest at the beginning of the year in current cost terms	7,643,459	5,224,212
Amount required to compensate for the change in the general purchasing power of money during the year (see Note below)	<u>298,166</u>	<u>466,919</u>
	7,941,625	5,691,131
Equity interest at the end of the year before deduction of dividends, as shown below*	<u>12,686,096</u>	<u>7,643,459</u>
Surplus	<u>£4,744,471</u>	<u>£1,952,328</u>
Note: The price index used to calculate the £298,166 in the above calculation is the Retail Price Index.		
30th June, 1982	323.0	296.5
30th June, 1983	335.6	323.0
	£	£
*Net equity interest as shown in the current cost financial statements	12,470,368	7,481,679
Proposed dividend	137,268	98,813
Interim dividend	<u>78,460</u>	<u>62,967</u>
	<u>£12,686,096</u>	<u>£7,643,459</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 24th November, 1983, 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, 1983 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 Directors (i) Mr. N. F. Shearman (ii) Mr. M. M. Miller (iii) Mr. R. J. Watkins	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <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 As special business, to consider and if thought fit pass the following resolutions, the first of which will be proposed as a special resolution and the second and third of which will be proposed as ordinary resolutions. SPECIAL RESOLUTION THAT:— (1) (i) each ordinary share of 25p in the capital of the Company be and is hereby sub-divided into 5 ordinary shares of 5p each; and (ii) the Articles of Association of the Company be amended by the deletion from Article 69 of the words "25p in nominal amount of the ordinary shares" and the substitution therefore of the words "ordinary share". ORDINARY RESOLUTIONS (2) THAT the authority contained in ordinary resolution number 3 set out in the Notice convening an Extraordinary General Meeting of the Company for 25th November, 1982 shall be extended so as to expire on 23rd November, 1988. (3) THAT the authority contained in special resolution number 3 set out in the Notice convening an Extraordinary General Meeting of the Company for 26th November, 1981 shall be extended for a further period of one year and shall expire on 30th June, 1985.	<input type="checkbox"/>	<input type="checkbox"/>
6 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 appointed 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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LLOYDS BANK PLC
REGISTRAR'S DEPARTMENT
GORING-BY-SEA
WORTHING
WEST SUSSEX BN12 4BR

FOLD 1

FOLD 3 AND TUCK IN