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AMSTRAD CONSUMER ELECTRONICS plc

REPORT AND FINANCIAL STATEMENTS

30 June 1984

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



AMSTRAD CONSUMER ELELCTRONICS plcDIRECTORS 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
Registered Office	Brentwood House 169 Kings Road Brentwood Essex CM14 4EF
Auditors	Touche Ross & Co. Chartered Accountants Hill House 1 Little New Street London EC4A 3TR
Registrars	Lloyds Bank Plc Goring-by-Sea Worthing Sussex NB12 oDA
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
Estate Agents and Surveyors	Goldstein Leigh 43 Portland Place London W1N 3AG

AMSTRAD CONSUMER ELECTRONICS plc

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements for the year ended 30 June 1984.

ACTIVITIES AND RESULTS

The past year has been another excellent year for Amstrad, with Group turnover advancing to £84.95m and Group pre tax profit to £9.12m thus achieving the forecast included in the Rights Issue document published in May 1984.

Trading during the year has continued much as expected, with a sharp down-turn being experienced in the second half. The largest contribution to profit was made by the Tower Racked and Space Saver Audio Units, but small screen colour televisions and videos also did well, although performance of the 22" CTV was not up to expectations.

Both overseas subsidiaries traded profitably during the year, with Amstrad International (Hong Kong) showing particularly rapid growth. This year's results did not reflect any significant contribution from our new Home Computer, the CPC 464 which was only available in very small numbers towards the end of June 1984. This next financial year will, however, see this product and the software and peripherals associated with it making a great impact on both turnover and profit.

Earlier this year the company acquired Lyons-Turner Enterprises Ltd. and its subsidiary, Europa Electronics Ltd., and they will continue to distribute Amstrad products, together with those of other manufacturers to the independent dealers.

Amstrad has contracted to build a new factory adjacent to the existing facility in Shoeburyness. The work is now well advanced and will be completed by January 1985. This new facility will enable the company to rationalize its locations, as well as providing increased facilities for expansion.

The strong financial position of the group at the year end following the rights issue 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. The directors recommend a final dividend of .412p per ordinary share, which represents a 20% increase on last year's final dividend per share and is also the fourth year in succession that such an increase has been recommended.

DIRECTORS AND DIRECTORS' INTERESTS

The present membership of the Board is set out below.

Mr J.L. Rice and Mr R.A. Mould retire by rotation and offer themselves for re-election.

AMSTRAD CONSUMER ELECTRONICS plc

DIRECTORS' REPORT
(continued)

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

Directors' interests	Number of ordinary shares beneficially held	
	30 June 1984	30 June 1983
A.M. Sugar	55,042,750	54,943,750
J.L. Rice	24,500	61,000
R.A. Mould	67,993	69,000
R.J. East	5,833	40,000
N.F. Shearman	11,666	10,000
M.M. Miller	-	-
R.J. Watkins	-	-

The holdings at 30 June 1983 have been restated to reflect the 5 for 1 share split agreed at the Annual General Meeting on 24 November 1983. In addition Mr. N. F. Shearman held a non beneficial interest in 99,000 shares.

SPECIAL BUSINESS AT THE ANNUAL GENERAL MEETING

The resolution set out as special business in the notice convening the Annual General Meeting provides for the extension of the Directors' authority to allot ordinary shares for cash until 30 June 1986. This authority is limited, other than in respect of issues by way of rights, to five per cent of the ordinary shares in the authorised share capital of the Company. The Ordinary Resolution set out in the notice provides for the extension of the Directors' authority to allot all the unissued shares in the capital of the company (other than for cash) until 23 November 1989.

SUBSTANTIAL SHAREHOLDINGS

At the date of this report the company has been notified that Clerical Medical & General Life Assurance Society had an interest in 12,855,430 ordinary shares representing 11.8% 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 11 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.

AMSTRAD CONSUMER ELECTRONICS plc

DIRECTORS' REPORT
(continued)

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.

EMPLOYEE INVOLVEMENT

It is the responsibility of each of the executive directors to ensure that the staff in their departments are fully informed of the company's affairs. In a company the size of Amstrad it is possible for the directors to have daily informal face to face contact with staff at all levels.

CHARITABLE AND POLITICAL DONATIONS

No political contributions were made during the year (1983 - Nil).

Charitable contributions made by the company amounted to £5,200 (1983 - £250).

CURRENT COST FINANCIAL STATEMENTS

Current cost financial statements prepared in accordance with SSAP 16 are set out on pages 21 to 26.

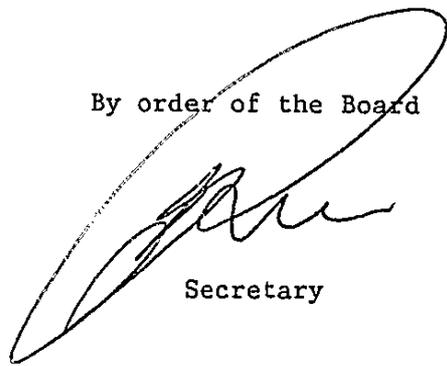
CLOSE COMPANY STATUS

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.

By order of the Board



Secretary

1 October 1984

169 Kings Road,
Brentwood,
Essex.

Touche Ross & Co.

Chartered Accountants

Hill House

1 Little New Street
London EC4A 3TR

AUDITORS' REPORT TO THE MEMBERS

of

AMSTRAD CONSUMER ELECTRONICS PLC

We have audited the financial statements on pages 6 to 26 in accordance with approved Auditing Standards.

In our opinion the financial statements on pages 6 to 20 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 30 June 1984 and of its 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 21 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.

1 October 1984



Chartered Accountants

AMSTRAD CONSUMER ELECTRONICS plc

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30 June 1984

	Note	1984	1983
		£000	£000
Turnover	3	84,946	51,784
Change in stocks of finished goods and work in progress		<u>9,056</u>	<u>6,030</u>
		94,002	57,814
Other operating income		<u>114</u>	<u>93</u>
		94,116	57,907
Raw materials and consumables		73,717	42,137
Other external charges		6,468	4,527
Staff costs	4	3,176	2,025
Depreciation and other amounts written off intangible and tangible fixed assets		665	395
Other operating charges		<u>477</u>	<u>149</u>
		84,503	49,233
		9,613	8,674
Other interest receivable and similar income		<u>144</u>	<u>81</u>
		9,757	8,755
Interest payable and similar charges		<u>642</u>	<u>711</u>
Profit on ordinary activities before taxation	2 & 18	9,115	8,044
Tax on profit on ordinary activities	5	<u>3,387</u>	<u>2,704</u>
Profit on ordinary activities after taxation		5,728	5,340
Profit attributable to minority interest		<u>64</u>	<u>21</u>
Profit on ordinary activities after taxation and minority interest		5,664	5,319
Extraordinary item	6	1,061	-
Transfer from reserves	6	<u>(1,061)</u>	<u>-</u>
Profit for the financial year attributable to shareholders of Amstrad Consumer Electronics plc		5,664	5,319
Dividends	7	<u>701</u>	<u>216</u>
Profit transferred to reserves	19	<u>4,963</u>	<u>5,103</u>
Earnings per share			
Based on profit on ordinary activities before taxation	8	9.33p	8.42p
Based on profit on ordinary activities after taxation	8	5.84p	5.58p

The attached notes form part of these financial statements.

AMSTRAD CONSUMER ELECTRONICS plc
CONSOLIDATED BALANCE SHEET 30 June 1984

	Note	1984		1983	
		£000	£000	£000	£000
FIXED ASSETS					
Intangible assets	10		181		-
Tangible assets	11		<u>4,906</u>		<u>3,765</u>
			5,087		3,765
CURRENT ASSETS					
Stocks	9	23,493		13,717	
Debtors	13	17,074		6,118	
Cash at bank and in hand		<u>2,323</u>		<u>3,012</u>	
		42,890		22,847	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>17,785</u>		<u>14,293</u>	
			<u>25,105</u>		<u>8,554</u>
NET CURRENT ASSETS			30,192		12,319
TOTAL ASSETS LESS CURRENT LIABILITIES			86		21
MINORITY INTEREST					
PROVISION FOR LIABILITIES AND CHARGES	15		<u>869</u>		<u>-</u>
			<u>29,237</u>		<u>12,298</u>
			=====		=====
CAPITAL AND RESERVES					
Called up share capital	16		5,452		4,663
Share premium account	17		12,327		-
Revaluation reserve	19		71		72
Profit and loss account	19		<u>11,387</u>		<u>7,563</u>
			29,237		12,298
			=====		=====

These financial statements were approved by the Board of Directors on 1 October 1984.

)
) Directors

The attached notes form part of these financial statements.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended 30 June 1984

SOURCE OF FUNDS	1984 £000	1983 £000
Profit before taxation	9,115	8,044
Adjustment for items not involving the movement of funds:		
Depreciation of intangible and tangible fixed assets	649	284
Loss on sale and write off of tangible fixed assets	15	111
Other	<u>1</u>	<u>1</u>
Total generated from operations	9,780	8,440
Disposal of tangible fixed assets	31	33
Proceeds from rights issue 11 May 1984 (net of expenses)	12,883	-
Shares issued in consideration of the acquisition of Lyons-Turner Enterprises Limited (net of expenses)	<u>233</u> *	<u>-</u>
	<u>22,927</u>	<u>8,473</u>
 APPLICATION OF FUNDS		
Cost of intangible assets	183	-
Purchase of tangible fixed assets	1,822	2,667
Tax paid	3,406	1,426
Dividends paid	389	177
Acquisition of Lyons-Turner Enterprises Limited	<u>240</u> *	<u>-</u>
	<u>6,040</u>	<u>4,270</u>
	16,887	8,203
	=====	=====
 INCREASE IN WORKING CAPITAL		
Increase in stocks	9,055	6,018
Increase in debtors	10,487	2,808
Increase in creditors	<u>(1,692)</u>	<u>(7,793)</u>
	17,850	1,033
MOVEMENT OF NET LIQUID FUNDS	<u>(963)</u>	<u>3,170</u>
	16,887	4,203
	=====	=====

(Net liquid funds comprise cash and bank balances less overdraft).

* Analysis of the Acquisition of Lyons Turner Enterprises Limited

Net assets required	
Fixed assets	12
Stock	721
Debtors	449
Creditors	(798)
Bank overdraft	(236)
Goodwill on consolidation	<u>92</u>
Discharged by shares issued	240
	=====

AMSTRAD CONSUMER ELECTRONICS plc

BALANCE SHEET at 30 June 1984

	Note	1984		1983	
		£000	£000	£000	£000
FIXED ASSETS					
Intangible assets	10		181		-
Tangible assets	11		4,815		3,754
Investments	12		<u>243</u>		<u>3</u>
			5,239		3,757
CURRENT ASSETS					
Stocks	9	22,467		13,669	
Debtors	13	15,348		5,435	
Cash at bank and in hand		<u>935</u>		<u>2,703</u>	
		38,750		21,807	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>15,578</u>		<u>13,731</u>	
NET CURRENT ASSETS			<u>23,172</u>		<u>8,076</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			28,411		11,833
PROVISION FOR LIABILITIES AND CHARGES	15		<u>869</u>		<u>-</u>
			<u>27,542</u>		<u>11,833</u>
CAPITAL AND RESERVES					
Called up share capital	15		5,452		4,663
Share premium account	17		12,327		-
Revaluation reserve	19		71		72
Profit and loss account	19		<u>9,692</u>		<u>7,098</u>
SHAREHOLDERS' FUNDS			<u>27,542</u>		<u>11,833</u>

These financial statements were approved by the Board of Directors on 1 October 1984.

)
) Directors

The attached notes form part of these financial statements.

AMSTRAD CONSUMER ELECTRONICS plc

NOTES ON THE FINANCIAL STATEMENTS

for the year ended 30 June 1984

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 group financial statements consolidate the financial statements of the company and all subsidiaries for all financial periods ended 30 June 1984.

At the date of acquisition the fair values of the net assets, excluding goodwill of the subsidiary are determined and these values are incorporated in the consolidated financial statements. Any excess of the cost of investments over the net assets of the subsidiary that remains after this valuation is written off to retained profits.

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 $\frac{1}{3}$ %
Fixtures and fittings, tools and equipment	- 10% - 50%

d) Investments

Investments have been valued at their foreign currency cost and translated to sterling at the rate of exchange ruling at 30 June 1984.

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 UK 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.

AMSTRAD CONSUMER ELECTRONICS plc

NOTES ON THE FINANCIAL STATEMENTS

for the year ended 30 June 1984
(continued)

1. ACCOUNTING POLICIES (continued)

g) Foreign currencies

Assets and liabilities at 30 June 1984 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 30 June 1984.

h) Intangible fixed assets

Intangible fixed assets comprise development costs in connection with the company's CPC 464 computer which was first sold in June 1984. These costs will be written off over two years.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE
TAXATION IS AFTER CHARGING/(CREDITING)

	1984 £000	1983 £000
Depreciation of intangible and tangible fixed assets	649	284
Auditors' remuneration	49	27
Interest payable on overdraft repayable within 5 years	278	377
Discount on bills payable	172	58
Interest received	(144)	(28)
Hire of plant and machinery	36	-
	=====	=====

3. TURNOVER

	1984 £000	1983 £000
The amount of turnover attributable to geographical areas was as follows:		
United Kingdom	74,130	46,484
Other European countries	7,777	4,771
Other countries	3,039	529
	=====	=====
	84,946	51,784

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

AMSTRAD CONSUMER ELECTRONICS plc

NOTES ON THE FINANCIAL STATEMENTS

for the year ended 30 June 1984
(continued)

4. STAFF COSTS

	1984 £000	1983 £000
Directors' remuneration	199	164
The remuneration of the Chairman and highest paid director was:	62	61
The directors' remuneration was distributed as follows:	No.	No.
£ 0 - £ 5,000	2	2
£ 5,001 - £10,000	-	2
£20,001 - £25,000	1	-
£25,001 - £30,000	1	-
£30,001 - £35,000	1	1
£40,001 - £45,000	1	-
£50,001 - £55,000	-	1
£60,001 - £65,000	1	1
	===	===
Employees' having remuneration in excess of £30,000 were distributed as follows:		
£35,001 - £40,000	-	1
	===	===
	£000	£000
Wages and salaries including directors' emoluments	2,882	1,838
Social security costs	<u>294</u>	<u>187</u>
	<u>3,176</u>	<u>2,025</u>
	=====	=====
These costs were in respect of the average number of employees during the year as follows:	No.	No.
Production	486	325
Sales, distribution and administration	<u>67</u>	<u>46</u>
	553	371
	===	===

AMSTRAD CONSUMER ELECTRONICS plc
NOTES ON THE FINANCIAL STATEMENTS
for the year ended 30 June 1984
(continued)

5. TAXATION

	1984 £000	1983 £000
United Kingdom corporation tax at 48.75% (1983 51.5%) based on the profit for the year	3,170	2,607
Overseas tax	<u>217</u>	<u>97</u>
	<u>3,387</u> =====	<u>2,704</u> =====

The taxation charge for the year has been reduced by £280,000 (1983 - £270,000) in respect of stock relief.

6. EXTRAORDINARY ITEM

	1984 £000	1983 £000
Deferred taxation	1,061	-
	<u>1,061</u> =====	<u>-</u> =====

Full provision has been made for deferred taxation following proposals introduced by the Finance Act 1984 to reduce the rate of capital allowances. The extraordinary item represents the full potential liability at 30 June 1984 (with the exception of potential tax on properties if they were to be sold at their revalued amounts) expressed at a rate of 35%.

7. DIVIDEND

The directors propose a final dividend of 0.412p (1983 - 0.344p) per ordinary share, which, together with the interim dividend of 0.27p (1983 - 0.224p) per ordinary share paid on 19 April 1984 makes a total distribution of 0.682p (1983 - 0.568p) per ordinary share in respect of the year ended 30 June 1984. This is equivalent to 0.974p (1983 - 0.811p) per ordinary share with the related tax credit at the current rate of 3/7ths.

Mr. A.M. Sugar waived dividends amounting to £313,932 on his ordinary shares in 1983.

Comparative amounts have been restated to reflect the 5 for 1 share split agreed at the Annual General Meeting on 24 November 1983.

8. 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 minority interests but before extraordinary items and on the ordinary shares in issue at 30 June 1984 as adjusted to reflect the rights issue on 11 May 1984 and the share issue on 31 May 1984, to give a weighted average of 96,913,411 shares. The comparative amounts reflect the 5 for 1 share split on 24 November 1983 and the rights issue on 11 May 1984.

AMSTRAD CONSUMER ELECTRONICS plc
NOTES ON THE FINANCIAL STATEMENTS
for the year ended 30 June 1984
 (continued)

9. STOCKS

	1984 Company £000	1983 Company £000	1984 Consolidated £000	1983 Consolidated £000
The amounts attributed to the different categories are as follows:				
Raw material and consumables	16,470	7,419	16,470	7,419
Work in progress	505	331	505	331
Finished goods and goods for resale	<u>5,492</u>	<u>5,919</u>	<u>6,518</u>	<u>5,967</u>
	<u>22,467</u>	<u>13,669</u>	<u>23,493</u>	<u>13,717</u>
	=====	=====	=====	=====

10. INTANGIBLE FIXED ASSETS

	1984 £000
<u>Development costs</u>	
Cost	
At 1 July 1983	-
Amounts capitalised in the year	<u>183</u>
At 30 June 1984	<u>183</u>
Depreciation	
At 1 July 1983	-
Charged in year	<u>2</u>
At 30 June 1984	<u>2</u>
Net book value	
At 30 June 1984	<u>181</u>
	===
At 30 June 1983	-
	===

AMSTRAD CONSUMER ELECTRONICS plc
NOTES ON THE FINANCIAL STATEMENTS
for the year ended 30 June 1984
 (continued)

11. TANGIBLE FIXED ASSETS

COMPANY	Freehold land and buildings £000	Short leases £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Total £000
Cost or valuation					
At 1 July 1983	2,088	6	441	1,322	3,857
Cost	395	-	-	-	395
Valuation	835	8	269	630	1,742
Additions	-	-	(60)	(20)	(80)
Disposals	-	-	-	-	-
Cost or valuation	<u>3,318</u>	<u>14</u>	<u>650</u>	<u>1,932</u>	<u>5,914</u>
At 30 June 1984					
Depreciation					
At 1 July 1983	32	2	145	319	498
Charged in year	39	1	92	506	638
On disposals	-	-	(37)	-	(37)
Depreciation	<u>71</u>	<u>3</u>	<u>200</u>	<u>825</u>	<u>1,099</u>
At 30 June 1984					
Net book value at	<u>3,247</u>	<u>11</u>	<u>450</u>	<u>1,107</u>	<u>4,815</u>
30 June 1984	=====	===	===	=====	=====
Net book value at	<u>2,451</u>	<u>4</u>	<u>296</u>	<u>1,003</u>	<u>3,754</u>
30 June 1983	=====	=====	=====	=====	=====

AMSTRAD CONSUMER ELECTRONICS plc

NOTES ON THE FINANCIAL STATEMENTS

for the year ended 30 June 1984
(continued)

11. TANGIBLE FIXED ASSETS (continued)

CONSOLIDATED	Freehold land and buildings £000	Short leases £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Total £000
Cost or valuation					
At 1 July 1983					
Cost	2,088	6	441	1,334	3,869
Valuation in 1979	395	-	-	-	395
Additions	835	8	276	703	1,822
Subsidiary acquired	-	-	24	19	43
Disposals	-	-	(60)	(24)	(84)
Cost or valuation At 30 June 1984	<u>3,318</u>	<u>14</u>	<u>681</u>	<u>2,032</u>	<u>6,045</u>
Depreciation					
At 1 July 1983	32	2	145	320	499
Charged in year	39	1	92	515	647
Subsidiary acquired	-	-	17	14	31
On disposals	-	-	(37)	(1)	(38)
Depreciation At 30 June 1984	<u>71</u>	<u>3</u>	<u>217</u>	<u>848</u>	<u>1,139</u>
Net book value At 30 June 1984	<u>3,247</u>	<u>11</u>	<u>464</u>	<u>1,184</u>	<u>4,906</u>
Net book value At 30 June 1983	<u>2,451</u>	<u>4</u>	<u>296</u>	<u>1,014</u>	<u>3,765</u>

Using the Companies Act historical cost valuation rules the net book values of freehold land and buildings would be £3,176,000 (1983 £2,378,000).

12. INVESTMENTS

	1984 Company £000	1983 Company £000
Shares in subsidiaries at cost:		
At 1 July 1983	3	1
Additions	<u>240</u>	<u>2</u>
At 30 June 1984	<u>243</u>	<u>3</u>

On 30 May 1984 Amstrad Consumer Electronics plc acquired the entire issued share capital of Lyons Turner Enterprises Limited in exchange for 250,000 ordinary shares of 5p each.

AMSTRAD CONSUMER ELECTRONICS plc

NOTES ON THE FINANCIAL STATEMENTS

for the year ended 30 June 1984
(continued)

12. INVESTMENTS (continued)

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) Limited, Hong Kong	21 September 1981	Ordinary 1 HK\$ shares	95%
Amstrad S.A.R.L., France	1 July 1982	Ordinary 1 F.Fr. shares	100%
Lyons-Turner Enterprises Limited, England	30 May 1984	Ordinary £1 shares	100%

13. DEBTORS

	1984 Company £000	1983 Company £000	1984 Consolidated £000	1983 Consolidated £000
Trade debtors	13,871	4,956	16,533	5,839
Amounts owed by group companies	1,050	236	-	-
Other debtors	85	10	147	10
Prepayments	342	233	394	269
	<u>15,348</u>	<u>5,435</u>	<u>17,074</u>	<u>6,118</u>
	=====	=====	=====	=====

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1984 Company £000	1983 Company £000	1984 Consolidated £000	1983 Consolidated £000
Bank overdraft	8	-	499	-
Trade creditors	1,967	1,124	2,464	1,193
Bills of exchange payable	7,709	7,181	8,611	7,626
Amounts owed to group companies	120	43	-	-
U.K. corporation tax	3,303	3,431	3,303	3,431
Other taxation and social security cost	1,417	1,165	1,560	1,165
Overseas taxation	-	-	162	52
Other creditors	11	188	11	204
Accruals	594	462	726	485
Dividend proposed	449	137	449	137
	<u>15,578</u>	<u>13,731</u>	<u>17,785</u>	<u>14,293</u>
	=====	=====	=====	=====

AMSTRAD CONSUMER ELECTRONICS plc

NOTES ON THE FINANCIAL STATEMENTS

for the year ended 30 June 1984
(continued)

15. PROVISION FOR LIABILITIES AND CHARGES

The potential amounts of deferred taxation (expressed at a tax rate of 35%) and the portions thereof provided in the financial statements are:

	1984		1983	
	Amount provided £	Total potential tax £	Amount provided £	Total Potential tax £
Capital allowances in excess of depreciation	1,061	1,061	-	870
Surpluses on revaluation		22	-	22
Advance corporation tax recoverable	(192)	(192)	_____	_____
	£ 869	£ 891	£ -	£ 892
	=====	=====	=====	=====

16. CALLED UP SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

	30 June 1984		30 June 1983	
	Ordinary shares of 5p each		Ordinary shares of 5p each	
	Shares	£000	Shares	£000
Authorised share capital comprised:	120,000,000	6,000	120,000,000	6,000
	=====	=====	=====	=====
Of which the following were allotted, issued and fully paid up				
At 1 July	93,250,000	4,663	46,625,000	2,332
Rights issue - 11 May 1984 (note 17)	15,541,666	777	-	-
Acquisition issue - 30 May 1984 (note 12)	250,000	12	-	-
Capitalisation issue - 25 November 1982	-	-	46,625,000	2,331
	_____	_____	_____	_____
At 30 June	109,041,666	5,452	93,250,000	4,663
	=====	=====	=====	=====

NOTES ON THE FINANCIAL STATEMENTS

for the year ended 30 June 1984
(continued)

17. SHARE PREMIUM ACCOUNT	1984 £000
Balance 1 July 1983	-
Arising on rights issue	12,433
Expenses of rights issue	(327)
Arising on acquisition issue (note 12)	228
Expenses of acquisition issue	(7)
Balance 30 June 1984	12,327 =====

On 11 May the company made a rights issue, at 1 share for every 6 held, of 15,541,666 ordinary shares at 85p per ordinary share. The issue was made to finance the second phase of the factory at Shoeburyness and the development into the home computer market.

18. PROFIT OF PARENT COMPANY

The consolidated profit and loss account includes profit on ordinary activities before taxation of £7,525,000 (1983 - £7,465,000) and taxation of £3,170,000 (1983 - £2,610,000) which are dealt with in 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 1948.

19. RESERVES	1984 £000	1983 £000
Revaluation reserve:		
1 July 1983	72	76
Depreciation of revalued tangible fixed asset	(1)	(4)
30 June 1984	71 ===	72 ===

	1984 Company £000	1983 Company £000	1984 Consolidated £000	1983 Consolidated £000
Profit and loss account:				
1 July 1983	7,098	4,786	7,563	4,787
Capitalisation (see note 16)	-	(2,331)	-	(2,331)
Transfer to profit and loss account (see note 6)	(1,061)	-	(1,061)	-
Retained profit for the year	3,654	4,639	4,963	5,103
Depreciation of revalued tangible fixed asset	1	4	1	4
Reduction in net assets of subsidiary to fair market value of assets at time of acquisition	-	-	(92)	-
Exchange differences	-	-	13	-
30 June 1984	9,692 =====	7,098 =====	11,387 =====	7,563 =====

AMSTRAD CONSUMER ELECTRONICS plc

NOTES ON THE FINANCIAL STATEMENTS

for the year ended 30 June 1984
(continued)

20. CAPITAL EXPENDITURE

	1984 £000	1983 £000
Contracted for but not provided in the financial statements	-	70
Authorised but not contracted for	2,490	3,000
	=====	=====

21. CONTINGENT LIABILITIES

Amstrad Consumer Electronics plc has guaranteed the overdraft of a subsidiary company to the extent of £500,000.

There were no other contingent liabilities other than those arising in the normal course of business at 30 June 1984 (1983 - None).

AMSTRAD PLC

CONSOLIDATED CURRENT COST PROFIT AND LOSS ACCOUNT

for the year ended 30 June 1984

	Note	1984 £000	1983 £000
Turnover	1,123	84,946 =====	51,784 =====
Historic cost profit on ordinary activities before interest and taxation	3	9,421	8,452
Current cost operating adjustments and related interest	4	<u>1,256</u>	<u>447</u>
Current cost operating profit		8,165	8,005
Gearing adjustment		<u>143</u>	<u>8</u>
Current cost profit on ordinary activities before taxation		8,308	8,013
Taxation		<u>3,387</u>	<u>2,704</u>
Current cost profit on ordinary activities after taxation		4,921	5,309
Minority interest		<u>61</u>	<u>21</u>
Current cost profit after taxation and minority interest		4,860	<u>5,228</u>
Extraordinary item	1,061		-
Transfer from reserves	(1,061)		-
		<u>-</u>	<u>-</u>
Current cost profit attributable to shareholders of Amstrad Consumer Electronics plc		4,860	5,288
Dividends		<u>701</u>	<u>216</u>
Current cost profit transferred to reserves		<u>4,159</u>	<u>5,072</u>
Current cost earnings per share based on profit on ordinary activities before taxation		8.5p	8.4p
based on profit on ordinary activities after taxation		5.0p	5.6p

AMSTRAD PLC

CONSOLIDATED CURRENT COST BALANCE SHEET at 30 June 1984

	Note	1984 £000	1983 £000
ASSETS EMPLOYED			
Net current assets			
Stock		23,811	13,764
Monetary working capital		<u>5,525</u>	<u>(1,602)</u>
		29,336	12,162
Less proposed dividend		<u>449</u>	<u>137</u>
		28,887	12,025
Tangible fixed assets	5	181	3,890
Investments		<u>5,094</u>	<u>-</u>
		34,162	15,915
Minority interests	8	<u>86</u>	<u>21</u>
		<u>34,076</u>	<u>15,894</u>
		=====	=====
FINANCED BY			
Share capital		5,452	4,663
Share premium account		12,327	-
Current cost reserve	6	1,593	467
Other reserves and retained profits	7	<u>10,377</u>	<u>7,340</u>
		29,749	12,470
Taxation including deferred taxation		<u>4,333</u>	<u>3,424</u>
		<u>34,076</u>	<u>15,894</u>
		=====	=====

AMSTRAD CONSUMER ELECTRONICS plc

NOTES ON THE CURRENT COST FINANCIAL STATEMENTS

for the year ended 30 June 1984

1. DESCRIPTION OF THE CURRENT COST FINANCIAL STATEMENTS

The current cost financial statements on pages 21 to 26 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 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 97023400 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 97023400.

NOTES ON THE CURRENT COST FINANCIAL STATEMENTS

for the year ended 30 June 1984
(continued)

2. ACCOUNTING POLICIES (continued)

- 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.
- i) During the year the Government Statistics Office re-referenced and rebased the Price Index Numbers for Current Cost Accounts tables to take into account the changing pattern of Industry's purchases and sales. As a result the indices previously used are no longer available, therefore new tables have been selected being the most appropriate now available.

3. HISTORIC COST PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION

	1984	1983
	£000	£000
Profit on ordinary activities before taxation as in the historic cost financial statements	9,115	<u>8,044</u>
Add back:		
Interest paid on overdrafts	278	377
Discounts on bills payable	172	58
Interest received	<u>(144)</u>	<u>(27)</u>
	<u>306</u>	<u>408</u>
	9,421	8,452
	=====	=====

4. CURRENT COST OPERATING ADJUSTMENTS

Working capital:		
Cost of sales		<u>4</u>
Monetary working capital	(100)	(18)
Interest and discount on bills	<u>305</u>	<u>408</u>
	<u>205</u>	<u>390</u>
	1,192	394
Additional depreciation	57	32
Adjustment on disposal of tangible fixed assets	<u>7</u>	<u>21</u>
	1,256	447
	=====	=====

AMSTRAD CONSUMER ELECTRONICS plc

NOTES ON THE CURRENT COST FINANCIAL STATEMENTS

for the year ended 30 June 1984
(continued)

5. TANGIBLE FIXED ASSETS

	Gross £000	Accumulated depreciation £000	Net £000	Net £000
Land and buildings	3,357	75	3,282	2,480
Plant and equipment	<u>3,079</u>	<u>1,267</u>	<u>1,812</u>	<u>1,410</u>
	<u>6,436</u>	<u>1,342</u>	<u>5,094</u>	<u>3,890</u>

6. CURRENT COST RESERVE

	£000	£000	£000	£000
Balance 1 July 1983			467	<u>551</u>
Surplus on revaluation:				42
Tangible fixed assets	123			(104)
Stocks	262			
Monetary working capital adjustment	(100)			(17)
Cost of sales adjustment	<u>987</u>			<u>3</u>
		1,272		(76)
Gearing adjustment		<u>143</u>		(8)
		1,129		(84)
Amount attributable to minority interests		<u>3</u>		-
			<u>1,126</u>	(84)
			<u>1,593</u>	<u>467</u>

7. OTHER RESERVES AND RETAINED PROFIT

	£000	£000
Distributable reserves at 1 July 1983	7,340	4,599
Capitalisation issue 25 November 1982	-	(2,331)
Profit transferred from current cost profit and loss account	4,159	5,072
Reduction in net assets of subsidiary to current cost value of assets at time of acquisition	(81)	-
Exchange differences	<u>14</u>	-
	<u>10,371</u>	<u>7,340</u>

AMSTRAD CONSUMER ELECTRONICS plc

NOTES ON THE CURRENT COST FINANCIAL STATEMENTS

for the year ended 30 June 1984
(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 30 June 1984.

	1984 £000	1983 £000
Equity interest at the beginning of the year	12,686	7,644
in current cost terms	12,883	-
Proceeds from rights issue 11 May 1984 (net of expenses)		
Shares issued in consideration of the acquisition	233	-
of Lyons-Turner Enterprises Limited (net of expenses)	<u>25,802</u>	<u>7,644</u>
Amount required to compensate for the change		
in the general purchasing power of money	634	298
during the year (see note below)	<u>26,436</u>	<u>7,945</u>
Equity interest at the end of the year before	30,444	12,686
deduction of dividends, as shown below *	<u>4,008</u>	<u>4,744</u>
Surplus	=====	=====

Note: The price index used to calculate the £634,000 in the above calculation is the Retail Price Index.

30 June 1983	335.6	323.0
30 June 1984	351.7	335.6
	£000	£000
* Net equity interest as shown in the	29,743	12,470
current cost financial statements	449	137
Proposed dividend	252	79
Interim dividend	<u>30,444</u>	<u>12,686</u>
	=====	=====