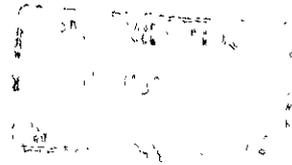


COMPANY NUMBER 942631

# Amstrad

Amstrad plc

Annual Report 1991/92



# Results at a Glance for the year ended 30th June, 1992

Amstrad plc

# Amstrad

Turnover by Geographical Destination	1992		1991	
	£m	% of turnover	£m	% of turnover
UK	141.9	39.8	237.8	45.0
Germany	73.3	20.6	96.0	18.2
France	41.1	11.5	66.3	12.5
Italy	30.1	8.4	31.7	6.0
Spain	24.5	6.9	44.1	8.3
Other European Countries	21.0	5.9	10.9	2.1
Australasia	12.3	3.4	22.7	4.3
Benelux	11.1	3.1	17.3	3.3
Rest of World	1.3	0.4	1.6	0.3
<b>Total</b>	<b>356.6</b>	<b>100.0</b>	<b>528.4</b>	<b>100.0</b>

Turnover by Product	1992		1991	
	£m	% of turnover	£m	% of turnover
Professional computers	142.1	39.8	230.2	43.6
Satellite receivers and dishes	106.5	29.9	147.0	27.8
Video	70.8	19.9	65.2	12.3
Home computers	16.6	4.7	55.3	10.5
Fax	15.1	4.2	15.9	3.0
Printer	4.7	1.3	13.3	2.5
Audio	0.8	0.2	1.5	0.3
<b>Total</b>	<b>356.6</b>	<b>100.0</b>	<b>528.4</b>	<b>100.0</b>

(Loss)/Profit on ordinary activities before taxation	(70.9)	20.2
(Loss)/Profit on ordinary activities after taxation	(53.8)	14.5
Net cash	113.8	59.6
Stocks	77.8	175.9
Dividends per share	0.4p	1.4p
(Loss)/Earnings per share	(9.4p)	2.5p
Dividend cover (times)	-	1.8
Net assets per share	46.3p	55.9p

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### **The Board of Directors**

A. M. Sugar DSc  
(Chairman and Managing Director)

J. L. Rice BA

M. M. Miller BA

R. J. Watkins

Dr. B. F. J. Steiner

A. G. Dean BSc (Econ), ACA

### **Secretary**

D. I. Hyams LL.B., Barrister

### **Registered Office**

Brentwood House,  
169 Kings Road,  
Brentwood,  
Essex CM14 4EP

### **Advisers**

#### **Auditors**

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

#### **Stockbrokers**

James Capel & Co.,  
6 Bevis Marks,  
London EC3A 7JQ

#### **Merchant Bankers**

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

#### **Registrars**

Lloyds Bank Plc,  
Goring by Sea,  
Worthing,  
Sussex BN12 6DA

#### **Clearing Bankers**

Lloyds Bank Plc,  
72 Lombard Street,  
London EC3P 3BT

#### **Solicitors**

Herbert Smith,  
Exchange House,  
Primrose Street,  
London EC2A 2HS

## Notice of Meeting

# Amstrad

NOTICE IS HEREBY GIVEN that the 22nd ANNUAL GENERAL MEETING of Amstrad plc will be held at the Tower Suite, The Tower Thistle Hotel, St. Katharine's Way, London E1 9LD, on 24th November, 1992 at 3.00 p.m. for the following purposes:

1. To receive and adopt the financial statements for the year ended 30th June, 1992 and the directors' and auditors' reports thereon.
2. To re elect directors.
3. To reappoint the auditors and authorise the directors to fix their remuneration.

4. To transact the following special business:  
To consider, and if thought fit, pass the following resolutions:

(A) As an ordinary resolution:

That the directors be and they are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 to exercise all the powers of the company to allot relevant securities (within the meaning of the said Section 80) up to an aggregate nominal amount of £6,941,526 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the company save that the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired. The authority contained in this resolution shall be in substitution for any existing authority under the said Section 80.

(B) As a special resolution:

That the directors be and they are hereby authorised pursuant to Section 95 of the Companies Act 1985 ("the Act") to allot equity securities, within the meaning of Section 94 of the Act, for cash, pursuant to the authority given to the directors by resolution 4(A) contained in the Notice of the Annual General Meeting of the company of which this resolution is a part as if the provisions of Section 89(1) of the Act did not apply to the allotment, provided that this authority shall be limited to:

- a) the allotment of equity securities in connection with any rights issue in favour of holders of ordinary shares in the capital of the company notwithstanding that by reason of such exclusions as the directors may deem necessary to deal with problems arising in any overseas territory or in connection with fractional entitlements or otherwise howsoever, the ordinary shares to be allotted are not offered to all such holders in proportion to the number of ordinary shares held by them respectively; and
- b) the allotment of equity securities up to an aggregate nominal value of £1,400,000 otherwise than pursuant to paragraph (a) above

provided that the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the company save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

(C) As a special resolution:

That the company be hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 165 of the Companies Act 1985) of ordinary shares of 5p each (nominal value) in the capital of the company ("ordinary shares") provided that:

- a) the maximum number of ordinary shares hereby authorised to be purchased is 58,116,946 (representing 10% of the issued share capital of the company);
- b) the minimum price which may be paid for each ordinary share is 5p (nominal value);
- c) the maximum price which may be paid for each ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from The Stock Exchange Daily Official List for the ten business days immediately preceding the day on which the ordinary shares are purchased;
- d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the company or 31st December, 1993, whichever is earlier (except in relation to the purchase of ordinary shares the contract for which was concluded before such date and which is executed wholly or partly after such date), unless such authority is renewed prior to such time.

5. To transact any other ordinary business of the company.

2nd October, 1992

Brentwood House,  
169 Kings Road,  
Brentwood,  
Essex CM14 4BF

By order of the board  
D. I. Hyams  
Secretary

### Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the company. A form of proxy is enclosed with this notice for use in connection with the business set out above. This form of proxy must reach the registrars of the company no later than forty-eight hours before the meeting.
2. Mr. A. M. Sugar, Mr. J. L. Rice, Mr. M. M. Miller and Mr. R. J. Watkins have service contracts with the company. These contracts are available for inspection at the registered office of the company during office hours, and at the Annual General Meeting for at least 15 minutes prior to and during the meeting.

Sales for the financial year ended 30th June, 1992 were £356.6 million, with a loss before tax of £70.9 million, resulting in a loss per share of 9.4p.

As mentioned in my half year statement, there was a need for certain restructuring to occur. The above mentioned loss can be broken down into two separate entities, one being the operating loss after interest of £39.1 million and the other being the exceptional items of £31.8 million, made up of restructuring costs and inventory provisions.

The directors have decided not to recommend a final dividend. The directors believe that, in view of the further deterioration in the trading environment during the second half of the financial year and with the group having made substantial losses, it is essential to concentrate on and maintain liquidity and therefore they do not consider that it would be appropriate to pay a final dividend.

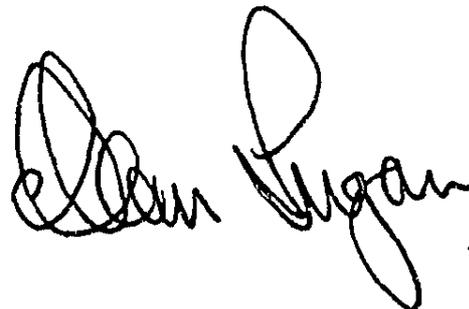
During the year trading losses were made in the personal computer sector where we had to dispose of our inventories in order to remain competitive in a market where retail prices were rapidly declining. In view of the fact that the specification of personal computers changes rapidly as technology advances, the shelf life of the product is very limited and rapid action was required to dispose of inventory, not only for cash liquidity purposes but also to ensure that our inventory was not made up of outdated specification merchandise.

The exit from the home computer market has also contributed to our loss in the period. These products were highly fashionable items with children but once out of favour their realisable value reduced tremendously. We took a realistic view in disposing of these products in order to turn value out of these old fashioned products into cash.

Sales of satellite receivers during the period were satisfactory, both in the UK and in the German market, although inevitably the margin earned in this sector was reduced compared to that of previous years as the product category became more mature and more competition entered the market. Minimal sales of audio products are included in this financial year. The impact of the decision to re-enter the audio market will mainly affect our current financial year. During the period it was necessary to dispose of our old model fax machine to make way for new higher specified units. Whilst the fax market is not as volatile in respect of specification as that of the PC business, specification does tend to change and there was a need to move quickly from one range of product to another. For the first time during this period we sold fax machines in Germany.

As I have stated on previous occasions, during these difficult times we have focused our attention on maintaining liquidity and reducing inventories. The group was clearly in a loss making position and with the recession still biting, we have aimed to be insulated from outside influences and to be prepared to be self-sufficient in funding our on going business. Net cash balances at 30th June, 1992 were £113.3 million. It should be noted that those cash balances will reduce during the first half of our current financial year as we finance the necessary inventories required to support our on going sales requirement.

Shareholders will have recently received a letter setting out the text of an announcement issued by Amstrad on 23rd September, 1992. The announcement stated that I have informed Amstrad that I am considering, subject to obtaining the necessary finance and other conditions, making a proposal to acquire all the shares in Amstrad at a price of 30p per share. No further details are yet available. Both I and the company are taking the advice necessary to progress the proposals and a further announcement will be made in due course.



A. M. Sugar  
Chairman

2nd October, 1992

## Directors' Report

Amstrad plc

# Amstrad

The directors have pleasure in presenting their report and the audited financial statements for the year ended 30th June, 1992.

### Principal activities

The company is engaged in the design and distribution of business and consumer electronic and personal computing products.

### Results

Turnover for the year was £356.6 million (1991 - £528.4 million). Loss on ordinary activities before taxation was £70.9 million (1991 - £20.2 million profit before taxation). After taxation and extraordinary items relating to the profit on sale of the shareholding in Micron Technology Inc., and the additional purchase consideration of Vidco Electronics Inc., the loss transferred to reserves was £55.5 million (1991 - £5.4 million profit).

The activities of the group are dealt with in the chairman's statement.

### Dividends

An interim dividend of 0.40p per share was paid on 22nd April, 1992 (1991 - 0.40p per share). The directors do not recommend the payment of a final dividend (1991 - 1.00p per share).

### Directors and directors' interests

The present membership of the board is set out on page 2. Mme. M. F. Vannier resigned on 14th February, 1992. Mr. K. Ashcroft resigned on 21st July, 1992 and Mr. P. Y. Thoms resigned on 24th July, 1992. Dr. B. F. J. Steiner was appointed on 18th November, 1991 at which time he had no beneficial interest in the ordinary shares of the company. Subsequent to 30th June, 1992 Mr. A. G. Dean was appointed to the board on 29th July, 1992. Mr. M. M. Miller and Mr. R. J. Watkins retire by rotation together with Dr. B. F. J. Steiner and Mr. A. G. Dean who retire under Article 99 of the Articles of Association, and all offer themselves for re-election. None of the directors seeking re-election have service contracts exceeding twelve months.

In connection with and as part of the company's purchase of a 29.5% stake in Betacom plc, on 5th March, 1992, Mr. A. M. Sugar, the Chairman, sold 935,000 ordinary shares in Betacom plc to the company for a total consideration of £168,300. The market value of these shares on 5th March, 1992 was £196,350. Since the 30th June, 1992 the company has increased its stake in Betacom plc to 71.3%.

Apart from the above, no director has, or had, during the year or at the end of the year, any beneficial interest in any material contract with the company, which was or is significant in relation to the company's business.

Directors' Interests	No. of ordinary shares beneficially held		Share option schemes	
	30th June, 1992	30th June, 1991	30th June, 1992	30th June, 1991
A. M. Sugar	205,568,750	205,568,750	-	-
J. L. Rice	862,150	862,150	950,000	700,000
M. M. Miller	714,000	714,000	950,000	700,000
R. J. Watkins	563,500	563,500	950,000	700,000
B. F. J. Steiner	-	-	250,000	-
K. Ashcroft	870,000	870,000	950,000	700,000
P. Y. Thoms	11,500	11,500	950,000	700,000

No changes in these interests have occurred up to 3rd September, 1992. Details of the share option schemes are set out in note 24 to the financial statements. No options were exercised by the directors during the year.

### Substantial shareholdings

As at 3rd September, 1992 the company was not aware of any shareholdings exceeding 3% apart from Mr. A. M. Sugar's holdings of 35.4%.

## Directors' Report (continued)

Amstrad plc

### Fixed assets

Details of movements in the fixed assets of the group and the company during the year are disclosed in notes 10, 11 and 12 to the financial statements. In the opinion of the directors there is no permanent diminution in the balance sheet value of the company's properties.

### Health and safety

In accordance with the provisions of the Health and Safety at Work 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 employees of the company.

### Employment of disabled persons

It is the policy of the company to give full and fair consideration to applications 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, and the managing directors of subsidiary companies, to ensure that the staff in their departments are fully informed of the group's affairs. The share option schemes are designed to give senior management within the company both at home and abroad a stake in its future growth and success.

### Political and charitable donations

A charitable donation of £7,500 was made during the year (1991 - £7,500). No political donations were made during the year (1991 - Nil).

### Close company status

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company.

### Resolutions to be proposed as Special Business at the Annual General Meeting

At the Annual General Meeting on 24th November, 1992 the following Special Business will be proposed:

- 1) An Ordinary Resolution to authorise the directors to allot shares up to an aggregate nominal amount of £6,941,526 until the next Annual General Meeting
- 2) A Special Resolution to give the directors authority until the next Annual General Meeting to allot shares for cash both by way of a rights issue and up to an aggregate nominal value of £1,400,000, to people other than existing shareholders in respect of ordinary shares.
- 3) A Special Resolution to authorise the company to buy on the open market up to 58,116,946 ordinary shares (representing 10% of the issued share capital of the company) and cancel them.

### Auditors

A resolution to reappoint Touche Ross & Co as auditors, and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

2nd October, 1992  
Brentwood House,  
169 Kings Road,  
Brentwood,  
Essex CM14 4EF

Approved by the board of directors  
and signed on behalf of the board

D. I. Hyams  
Secretary



**Auditors' Report**  
Amstrad plc

**Amstrad**

**Touche  
Ross**



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

**To the members of Amstrad plc**

We have audited the financial statements on pages 8 to 20 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30th June, 1992, and of the loss and cash flows of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*Touche Ross*  

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*Touche Ross Co.*  

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2nd October, 1992

*Chartered Accountants and Registered Auditor*

**Consolidated  
Profit and Loss Account** for the year ended 30th June, 1992  
Amstrad plc

# Amstrad

	Note	1992		1991	
		£000	£000	£000	£000
<b>Turnover</b>	1		356,578		528,414
Change in stocks of finished goods			<u>(90,202)</u>		<u>(1,663)</u>
			266,376		526,751
Other operating income			<u>1,592</u>		<u>958</u>
			267,968		527,709
Raw materials and consumables		(219,231)		(373,339)	
Other external charges		(43,215)		(65,943)	
Staff costs	2	(18,555)		(24,578)	
Depreciation and amounts written off intangible and tangible fixed assets		(7,350)		(4,798)	
Other operating charges		<u>(22,414)</u>		<u>(20,689)</u>	
			<u>(310,765)</u>		<u>(489,347)</u>
<b>Operating (loss)/profit</b>			<u>(42,797)</u>		<u>38,362</u>
Other interest receivable and similar income			5,439		4,395
Interest payable and similar charges	3		<u>(1,730)</u>		<u>(2,195)</u>
<b>(Loss)/Profit on ordinary activities before taxation and exceptional items</b>			<u>(39,088)</u>		<u>40,562</u>
Exceptional items	4		<u>(31,858)</u>		<u>(20,403)</u>
<b>(Loss)/Profit on ordinary activities before taxation</b>	5		<u>(70,946)</u>		<u>20,159</u>
Tax on (loss) profit on ordinary activities	6		<u>17,173</u>		<u>(5,630)</u>
<b>(Loss)/Profit on ordinary activities after taxation</b>			<u>(53,773)</u>		<u>14,529</u>
Minority interests			<u>374</u>		<u>(226)</u>
<b>(Loss)/Profit for the financial year attributable to shareholders of Amstrad plc</b>			<u>(53,399)</u>		<u>14,303</u>
Extraordinary items	7		<u>214</u>		<u>(998)</u>
<b>(Loss)/Profit for the financial year</b>	21		<u>(53,185)</u>		<u>13,305</u>
Dividends paid and proposed	8		<u>(2,266)</u>		<u>(7,928)</u>
<b>(Loss)/Profit retained for the year</b>	22		<u>(55,451)</u>		<u>5,377</u>
<b>(Loss)/Earnings per share</b>	9		<u>(9.4p)</u>		<u>2.5p</u>

The notes on pages 12 to 20 form part of these financial statements.

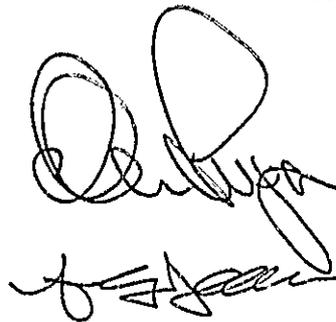
# Consolidated Balance Sheet at 30th June, 1992

Amstrad plc

# Amstrad

	Note	1992		1991	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	11		459		937
Tangible assets	10		38,083		40,963
Investments	12		466		10,411
			<u>39,008</u>		<u>52,311</u>
<b>Current assets</b>					
Stocks	13	77,796		175,928	
Debtors	14	88,675		112,987	
Cash at bank and in hand		122,242		69,805	
		<u>288,713</u>		<u>358,720</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(59,772)</u>		<u>(87,921)</u>	
<b>Net current assets</b>			<u>228,941</u>		<u>270,799</u>
<b>Total assets less current liabilities</b>			<u>267,949</u>		<u>323,110</u>
<b>Creditors: amounts falling due after more than one year</b>	17		<u>(5,687)</u>		<u>(6,138)</u>
			<u><u>262,262</u></u>		<u><u>316,972</u></u>
<b>Capital and reserves</b>					
Called up share capital	18		28,331		28,331
Shares to be issued	19		2,983		-
Share premium account	20		15,043		15,043
Revaluation reserve	22		7,782		7,892
Other reserves	22		1,429		1,429
Profit and loss account	22		206,543		263,791
			<u>262,111</u>		<u>316,486</u>
<b>Shareholders' funds</b>			<u>262,111</u>		<u>316,486</u>
Minority interests			151		486
			<u><u>262,262</u></u>		<u><u>316,972</u></u>

These financial statements were approved by the board of directors on 2nd October, 1992.  
Signed on behalf of the board of directors



A. M. Sugar

A. G. Dean

Directors

The notes on pages 12 to 20 form part of the financial statements.

Balance Sheet at 30th June, 1992

Amstrad plc

# Amstrad

	Note	1992		1991	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	11		459		937
Tangible assets	10		24,915		26,366
Investments	12		14,220		22,969
			<u>39,594</u>		<u>50,272</u>
<b>Current assets</b>					
Stocks	13	59,440		122,636	
Debtors	14	68,945		115,415	
Cash at bank and in hand		112,635		57,448	
		<u>241,020</u>		<u>295,499</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(35,922)</u>		<u>(61,341)</u>	
<b>Net current assets</b>			<u>205,098</u>		<u>234,158</u>
			<u>244,692</u>		<u>284,430</u>
<b>Capital and reserves</b>					
Called up share capital	18		28,331		28,331
Shares to be issued	19		2,983		-
Share premium account	20		15,043		15,043
Revaluation reserve	22		7,782		7,892
Other reserves	22		225		225
Profit and loss account	22		190,328		232,939
			<u>244,692</u>		<u>284,430</u>
<b>Shareholders' funds</b>			<u>244,692</u>		<u>284,430</u>

These financial statements were approved by the board of directors on 2nd October, 1992.

Signed on behalf of the board of directors


  
 A. M. Sugar


  
 A. G. Dean

} Directors

The notes on pages 12 to 20 form part of the financial statements.

**Consolidated  
Cash Flow Statement** for the year ended 30th June, 1992  
Amstrad plc

**Amstrad**

	Note	1992		1991	
		£000	£000	£000	£000
<b>Operating activities</b>					
Operating (loss)/profit		(42,797)		36,412	
Depreciation		8,855		5,632	
Loss on disposal of fixed assets		176		483	
Exchange differences		441		1,221	
Exceptional items		(22,381)		(20,403)	
Decrease in stocks		97,296		12,164	
Decrease/(Increase) in debtors		41,986		(2,080)	
(Decrease)/Increase in creditors		(18,706)		5,200	
Net cash inflows from continuing operating activities			64,870		40,579
Net cash outflows in respect of discontinued activities and reorganisation costs			(9,477)		(4,092)
<b>Net cash inflows from operating activities</b>			<b>55,393</b>		<b>36,487</b>
<b>Returns on investments and servicing of finance</b>					
Interest received		4,584		4,239	
Interest paid		(893)		(1,318)	
Finance charges	27	(837)		(877)	
Dividends paid		(7,932)		(7,905)	
			(5,078)		(5,861)
<b>Taxation</b>					
UK corporation tax paid		(914)		(3,446)	
Overseas tax paid		(802)		(4,722)	
			(1,716)		(8,168)
<b>Investing activities</b>					
Purchase of fixed assets		(6,299)		(6,980)	
Purchase of associates and subsidiaries		(1,662)		(404)	
Sale of fixed assets		598		824	
Sale of fixed asset investment		13,608		19,076	
			6,245		12,516
			<b>54,844</b>		<b>34,974</b>
<b>Financing</b>					
Issue of shares			-		(1,213)
Capital element of finance lease payments	27		460		152
Increase in cash and cash equivalents	29		54,384		36,035
			<b>54,844</b>		<b>34,974</b>

# Statement of Accounting Policies

Amstrad plc

# Amstrad

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

## a) Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain freehold properties.

## b) Consolidation

The group financial statements consolidate those of the company and all subsidiaries. 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 investment 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, on a straight line basis from the time they are brought into use so as to write off their historical cost and revaluation over their estimated useful lives as follows:

Freehold buildings .....	2% per annum
Plant, fixtures and fittings .....	10%-50% per annum

Leasehold land and buildings are amortised over 50 years, or the period of the lease, whichever is the shorter. Freehold land is not depreciated.

## d) Foreign currencies

Transactions of UK companies denominated in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rate ruling at that date, unless they are covered by forward exchange contracts where the rate of the contract is used. Translation differences are dealt with in the profit and loss account. Forward currency contracts existing at the year end which are in excess of purchase commitments and in which a gain or loss has arisen at the year end are recognised as part of the loss on ordinary activities of the year.

The financial statements of the foreign subsidiary companies are translated at the rate of exchange ruling at the year end. Differences on exchange arising from the translation of the opening net assets at the year end rate are taken direct to retained profits.

## e) Stock and work in progress

Stock and work in progress are stated 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

Deferred tax is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements, to the extent that it is probable that a liability or asset will crystallise in the future.

## g) Investments

Investments are stated at cost, less amounts provided for. In the consolidated financial statements, shares in associated undertakings are accounted for using the equity method of accounting. In the consolidated balance sheet, the shares in associates are shown at the group's share of the net assets, excluding goodwill, of the associates.

## h) Intangible fixed assets

Intangible fixed assets comprise development costs associated with the company's products which are written off over eighteen months.

## i) Leased assets

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The excesses of the lease payments over the recorded lease obligations are treated as finance charges which are amortised over the lease term to give a constant rate of charge on the remaining balance of the obligation.

# Notes to the Financial Statements

Amstrad plc

# Amstrad

## 1. Turnover

In the opinion of the directors, Amstrad plc operates in one class of business activity. An analysis of the financial information relating to the geographical segments is as follows:

	United Kingdom		Continental Europe		Group	
	1992 £ million	1991 £ million	1992 £ million	1991 £ million	1992 £ million	1991 £ million
<b>Turnover</b>						
Total sales	261.8	442.7	217.1	290.6	478.9	733.3
Inter segment sales	(109.0)	(204.9)	(13.3)	-	(122.3)	(204.9)
Third party turnover	<u>152.8</u>	<u>237.8</u>	<u>203.8</u>	<u>290.6</u>	<u>356.6</u>	<u>528.4</u>
Net assets	<u>227.3</u>	<u>263.3</u>	<u>35.0</u>	<u>53.7</u>	<u>262.3</u>	<u>317.0</u>
<b>(Loss)/Profit before taxation</b>						
Segmental (loss)/profit	(15.6)	27.3	(23.5)	13.3	(39.1)	40.6
Exceptional items	(19.9)	(20.4)	(11.9)	-	(31.8)	(20.4)
(Loss)/Profit before taxation	<u>(35.5)</u>	<u>6.9</u>	<u>(35.4)</u>	<u>13.3</u>	<u>(70.9)</u>	<u>20.2</u>

Turnover to third parties by destination was United Kingdom £141.9 million, Continental Europe £214.7 million. Turnover to third parties by destination was not materially different to turnover by origin in 1991. Third party turnover consists of sales invoiced to external customers during the year excluding value added tax and other sales taxes.

## 2. Staff costs

Directors' emoluments	1992 £000 1,045	1991 £000 974
Emoluments of the chairman and highest paid director	<u>219</u>	<u>198</u>
The other UK directors' emoluments were distributed in the following ranges:	No.	No.
£ 65,001 - £ 70,000	1	-
£ 80,001 - £ 85,000	-	1
£ 90,001 - £ 95,000	1	1
£100,001 - £105,000	1	-
£110,001 - £115,000	1	1
£120,001 - £125,000	1	1
£130,001 - £135,000	1	1
Wages and salaries including directors' emoluments	£000 15,505	£000 20,596
Social security costs	3,050	3,982
	<u>18,555</u>	<u>24,578</u>
Staff costs included in exceptional items	<u>1,428</u>	-
These costs were in respect of the average number of employees during the year as follows:	No. 743	No. 1,017

Notes to the Financial Statements (continued)

Amstrad plc

Amstrad

	1992	1991
	£000	£000
<b>3. Interest payable and similar charges</b>		
Interest payable on borrowings wholly repayable within five years	893	1,318
Finance lease charges	837	877
	<u>1,730</u>	<u>2,195</u>
<b>4. Exceptional items</b>		
Exceptional items are principally reorganisation costs and the write down of computer inventory and related tooling and development costs to net realisable value. The exceptional items in 1991 were principally the write down of the PC2000 computer inventory and related products to net realisable value.		
<b>5. (Loss)/Profit on ordinary activities before taxation is after charging:</b>		
Depreciation of tangible and intangible fixed assets:	1992	1991
Included in operating costs	£000	£000
Included in exceptional items	7,350	4,798
	1,505	-
	<u>8,855</u>	<u>4,798</u>
Auditors' remuneration		
Hire of plant and machinery	255	282
	147	188
	<u>255</u>	<u>188</u>
<b>6. Tax on (loss)/profit on ordinary activities</b>		
United Kingdom corporation tax at 33% (1991 = 33.75%) based on the (loss)/profit for the year	1992	1991
	£000	£000
Deferred tax	16,596	(1,843)
Overseas tax	157	(2,882)
Prior year adjustment	410	(905)
	10	-
	<u>17,173</u>	<u>(5,630)</u>
<b>7. Extraordinary items</b>		
Profit on sale of fixed asset investment	1992	1991
Closure of trading operations	£000	£000
Goodwill written off (see note 19)	3,197	2,361
	-	(4,092)
	(2,983)	-
	214	(1,731)
Taxation		
Current tax	-	221
Deferred tax	-	512
	<u>214</u>	<u>(998)</u>

**8. Dividends**

The directors do not recommend a final dividend (1991 = 1.00p per ordinary share). The interim dividend of 0.40p (1991 = 0.40p) per ordinary share was paid on 22nd April, 1992 making a total distribution of 0.40p (1991 = 1.40p) per ordinary share in respect of the year ended 30th June, 1992. This is equivalent to 0.53p (1991 = 1.87p) per ordinary share with the related tax credit at the current rate of 25.75ths (1991 = 25.75ths).

**9. (Loss)/Earnings per share**

(Loss)/Earnings per share is calculated by dividing the loss on ordinary activities after taxation and minority interests for the year ended 30th June, 1992, amounting to £53.4 million (1991 = £14.3 million profit) by 566.6 million ordinary shares, the average number in issue during the financial year (1991 = 565.0 million).

## 10. Tangible fixed assets

	Freehold land and buildings £000	Short leasehold land and buildings £000	Plant, fixtures and fittings £000	Total £000
<b>CONSOLIDATED</b>				
Cost or revaluation at 1st July, 1991	30,501	3,327	16,780	50,608
Exchange differences	(13)	-	(101)	(114)
Additions	14	1,397	4,147	5,558
Transfers	4,724	(4,724)	-	-
Disposals	(360)	-	(8,594)	(8,954)
Cost or revaluation at 30th June, 1992	34,866	-	12,232	47,098
Depreciation at 1st July, 1991	2,394	155	7,096	9,645
Exchange differences	(62)	-	(24)	(86)
Charged in year	560	60	7,032	7,652
Transfers	215	(215)	-	-
On disposals	(248)	-	(7,948)	(8,196)
Depreciation at 30th June, 1992	2,859	-	6,156	9,015
Net book value At 30th June, 1992	32,007	-	6,076	38,083
Net book value At 30th June, 1991	28,107	3,172	9,684	40,963
<b>COMPANY</b>				
Cost or revaluation at 1st July, 1991	18,667	3,327	9,806	31,800
Additions	14	1,397	3,462	4,873
Transfers	4,724	(4,724)	-	-
Disposals	-	-	(7,159)	(7,159)
Cost or revaluation at 30th June, 1992	23,405	-	6,109	29,514
Depreciation at 1st July, 1991	1,549	155	3,730	5,434
Charged in year	263	60	5,836	6,159
Transfers	215	(215)	-	-
On disposals	-	-	(6,994)	(6,994)
Depreciation at 30th June, 1992	2,027	-	2,572	4,599
Net book value At 30th June, 1992	21,378	-	3,537	24,915
Net book value At 30th June, 1991	17,118	3,172	6,076	26,366

During the year the freehold of the short leasehold property was purchased. The property has therefore been transferred to freehold land and buildings.

Freehold land and buildings include properties valued at open market value at 30th June, 1989, of £17.1 million. If these properties had not been revalued, they would have been included at a cost of £9.1 million and a net book value of £8.2 million (1991 - £8.3 million).

The consolidated net book value of freehold land and buildings includes £6.5 million (1991 - £6.7 million) in respect of assets held under finance leases.

# Notes to the Financial Statements (continued)

Amstrad plc

# Amstrad

## 11. Intangible fixed assets

### CONSOLIDATED AND COMPANY

Development costs:	£000
Cost at 1st July, 1991	1,205
Additions	741
Amount fully written down	(1,347)
Disposals	(30)
At 30th June, 1992	<u>569</u>
Amortisation at 1st July, 1991	268
Charged in year	1,203
Amount fully written down	(1,347)
On disposals	(14)
At 30th June, 1992	<u>110</u>
Net book value	
At 30th June, 1992	<u>459</u>
Net book value	
At 30th June, 1991	<u>937</u>

## 12. Investments

### CONSOLIDATED

	Subsidiary companies £000	Associated company £000	Other fixed asset investment £000	Total £000
Cost at 1st July, 1991	-	-	17,108	17,108
Additions	-	1,662	-	1,662
Disposals	-	-	(17,108)	(17,108)
Cost at 30th June, 1992	<u>-</u>	<u>1,662</u>	<u>-</u>	<u>1,662</u>
Provisions at 1st July, 1991	-	-	6,697	6,697
Goodwill written off in year	-	1,196	-	1,196
On disposals	-	-	(6,697)	(6,697)
Provisions at 30th June, 1992	<u>-</u>	<u>1,196</u>	<u>-</u>	<u>1,196</u>
Net book value				
At 30th June, 1992	<u>-</u>	<u>466</u>	<u>-</u>	<u>466</u>
Net book value				
At 30th June, 1991	<u>-</u>	<u>-</u>	<u>10,411</u>	<u>10,411</u>
<b>COMPANY</b>				
Cost at 1st July, 1991	37,233	-	17,108	54,341
Additions	3,016	1,662	-	4,678
Disposals	-	-	(17,108)	(17,108)
Cost at 30th June, 1992	<u>40,249</u>	<u>1,662</u>	<u>-</u>	<u>41,911</u>
Provisions at 1st July, 1991	24,675	-	6,697	31,372
Charged in year	3,016	-	-	3,016
On disposals	-	-	(6,697)	(6,697)
Provisions at 30th June, 1992	<u>27,691</u>	<u>-</u>	<u>-</u>	<u>27,691</u>
Net book value				
At 30th June, 1992	<u>12,558</u>	<u>1,662</u>	<u>-</u>	<u>14,220</u>
Net book value				
At 30th June, 1991	<u>12,558</u>	<u>-</u>	<u>10,411</u>	<u>22,969</u>

## 12. Investments (continued)

The following information relates to the group's principal subsidiary companies:

Name of subsidiary	Percentage of allotted capital owned	Country of incorporation
Amstrad International S.A.	100%	France
Amstrad Espana S.A.	100%	Spain
Amstrad SpA	100%	Italy
Amstrad B.V.	100%	Holland
Amstrad Pty Limited	100%	Australia
Amstrad GmbH	100%	Germany
Amstrad Fidelity GmbH	100%*	Germany
Amstrad Hellas S.A.	51%	Greece

\*Interest held by subsidiary company.

The associated company investment is a 29.5% holding in the ordinary share capital of Betacom plc, a company listed on the London Stock Exchange. This company is incorporated in Great Britain and registered in England and Wales. The market value of this investment at 30th June, 1992 was £1.6 million.

## 13. Stocks

	Consolidated		Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Raw materials and consumables	4,750	12,680	2,808	12,680
Finished goods and goods for resale	73,046	163,248	56,632	109,956
	<u>77,796</u>	<u>175,928</u>	<u>59,440</u>	<u>122,636</u>

## 14. Debtors

	Consolidated		Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Trade debtors and bills of exchange receivable	57,013	87,004	14,275	39,786
Amounts owed by group companies	-	-	31,875	70,686
Other debtors	9,419	20,621	1,764	2,073
Prepayments	763	1,150	12	300
Deferred taxation (see note 15)	-	1,295	-	1,203
Overseas taxation	461	90	-	-
UK corporation tax	21,019	2,827	21,019	1,367
	<u>88,675</u>	<u>112,987</u>	<u>68,945</u>	<u>115,415</u>

## 15. Deferred taxation

	Consolidated		Company	
	£000	£000	£000	£000
Asset at 1st July, 1991 (see note 14)		1,295		1,203
Exchange differences		2		-
Transfer to profit and loss account - current year		157		251
- prior year		434		434
Movement on advanced corporation tax recoverable		(1,888)		(1,888)
At 30th June, 1992		-		-

	Consolidated		Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
The deferred tax asset represents:				
Capital allowances in excess of depreciation	-	(827)	-	(827)
Advance corporation tax recoverable	-	1,888	-	1,888
Short-term timing differences	-	234	-	142
	<u>-</u>	<u>1,295</u>	<u>-</u>	<u>1,203</u>

There was no unprovided deferred taxation at 30th June, 1992.

# Note to the Financial Statements (continued)

# Amstrad

Amstrad plc

## 16. Creditors: amounts falling due within one year

	Consolidated		Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Bank loans and overdrafts	8,476	10,194	-	-
Trade creditors	28,937	49,380	24,543	42,661
Bills of exchange payable	106	106	-	-
Amounts owed to group companies	-	-	1,090	1,019
VAT corporation tax	2,506	3,712	756	2,770
Other taxation and social security costs	1,145	1,238	204	236
Overseas taxation	150	564	-	-
Other creditors	9,844	10,752	7,617	8,140
Accruals and deferred income	8,183	5,942	1,712	849
Obligations under finance leases	425	367	-	-
Dividends proposed	-	5,666	-	5,666
	<u>59,772</u>	<u>87,921</u>	<u>35,922</u>	<u>61,341</u>

## 17. Creditors: amounts falling due after more than one year

	Consolidated		Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Obligations under finance leases:				
After one year and before two years	489	416	-	-
After two years and before five years	1,947	1,683	-	-
After five years	3,251	4,039	-	-
	<u>5,687</u>	<u>6,138</u>	<u>-</u>	<u>-</u>

## 18. Called up share capital

	30th June, 1992		30th June, 1991	
	Ordinary shares of 5p each	£000	Ordinary shares of 5p each	£000
	Shares		Shares	
The authorised share capital comprised:	720,000,000	36,000	720,000,000	36,000
Of which the following were allotted, issued and fully paid:				
At 1st July, 1991	566,620,216	28,331	564,215,216	28,211
Shares issued	-	-	2,405,000	120
At 30th June, 1992	<u>566,620,216</u>	<u>28,331</u>	<u>566,620,216</u>	<u>28,331</u>

## 19. Shares to be issued

	1992	1991
	£000	£000
Shares to be issued	2,983	-

As part of the acquisition of Video Electronics Inc., the company underwrote the value of the consideration shares at 27th August, 1992 to be not less than US\$8 million, with any shortfall being met by the issue of Amstrad plc shares.

Since the year end, 14,549,247 shares with a market value of £2,983,000 were issued to extinguish this liability. As the subsidiary acquired has since been closed this has been charged as an extraordinary item.

## 20. Share premium account

At 1st July, 1991 and 30th June, 1992	£000
	<u>15,043</u>

## 21. (Loss)/Profit for the financial year

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year amounted to £39.0 million (1991 - £25.1 million profit).

## 22. Reserves

	Consolidated			Company		
	Revaluation reserve £000	Other reserves £000	Profit and loss account £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
At 1st July, 1991	7,892	1,429	263,791	7,892	225	232,939
Loss retained for the year	-	-	(55,451)	-	-	(41,266)
Goodwill written off	-	-	(1,196)	-	-	-
Goodwill adjustment relating to prior year	-	-	169	-	-	-
Exchange differences	-	-	(880)	-	-	(1,455)
Transfer of amount equivalent to additional depreciation on revalued assets	(110)	-	110	(110)	-	110
At 30th June, 1992	<u>7,782</u>	<u>1,429</u>	<u>206,543</u>	<u>7,782</u>	<u>225</u>	<u>190,328</u>

Goodwill written off in earlier years in respect of current subsidiaries amounted to £25.5 million.

## 23. Future capital expenditure of the group

	1992 £000	1991 £000
Contracted for but not provided in the financial statements	-	-
Authorised but not contracted for	-	1,500

## 24. Share option schemes

There are share option schemes for the directors and senior employees. The options outstanding under the schemes were as follows:

Date of grant	Price per fully paid share	Normal dates of exercise	No. of ordinary shares
22nd February, 1986	64.8p	1989-1996	105,115
31st October, 1986	120.0p	1989-1996	577,220
27th February, 1987	157.0p	1990-1997	44,852
7th March, 1988	135.0p	1991-1998	563,271
20th November, 1989	48.0p	1992-1996	10,660,000
11th November, 1990	60.5p	1993-1997	1,010,000
13th March, 1991	63.5p	1994-1998	2,575,000
16th March, 1992	26.5p	1995-1999	5,190,000

## 25. Contingent liabilities

Amstrad plc has guaranteed the overdraft facilities of subsidiary companies to the extent of £17.5 million (1991 £26.8 million).

The group is subject to various litigation, the financial implications of which are uncertain. On the basis of the information available the board of directors is satisfied that the eventual outcome of this litigation will not have any material adverse effect on the group.

## 26. Post balance sheet event

Subsequent to the year end, the company increased its stake in Betacom plc to 71.3% by way of an allotment of shares and a rights issue, at a cost of £8.4 million.

Amstrad plc

**27. Analysis of changes in financing during the year**

	Finance lease obligations £'000
At 1st July, 1991	6,505
Exchange differences	67
Cash outflow during year	(1,297)
Finance charges	837
	<u>          </u>
At 30th June, 1992	<u>6,112</u>

**28. Analysis of the balances of cash and cash equivalents as shown in the consolidated balance sheet**

	1992 £000	1991 £000	Change in year £000
Cash at bank and in hand	122,242	69,805	52,437
Bank overdrafts	(8,476)	(10,194)	1,718
	<u>113,766</u>	<u>59,611</u>	<u>54,155</u>

**29. Analysis of changes in cash and cash equivalents during the year**

At 1st July, 1991	£'000
Net cash inflow before adjustment for the effect of exchange differences	59,611
Exchange differences	54,384
	<u>(229)</u>
At 30th June, 1992	<u>113,766</u>

# Ten Year Financial Record

# Amstrad

	Note	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Turnover (excluding VAT) (£m)		51.8	84.9	136.1	304.1	511.8	625.4	626.3	577.3	528.4	356.6
Profit/(Loss) before taxation (£m)	1	8.0	9.1	20.2	75.3	135.7	160.4	76.6	43.7	20.2	(70.9)
Profit/(Loss) after taxation (£m)	1	5.3	5.7	14.0	52.0	93.4	105.1	51.1	34.3	14.5	(53.8)
Dividend, pence/share (incl. tax credit)	2	0.16	0.19	0.27	0.49	0.97	1.87	1.87	1.87	1.87	0.53
Dividend cover (times)	3	10	8	14	27	24	14	6	4	2	-
Profit/(Loss) retained for the year (£m)		5.1	5.0	12.9	47.2	89.6	93.0	43.1	2.3	5.4	(55.5)
Earnings/(Loss) per share (pence)	2	1.1	1.2	2.6	9.5	17.1	19.0	9.0	6.1	2.5	(9.4)
Share capital and reserves (£m)		12.3	29.2	42.2	88.1	179.5	256.2	310.8	311.1	316.5	262.1

### Notes:

1. Profit/(Loss) figures other than retained earnings exclude extraordinary items.
2. As adjusted to reflect the 1 for 1 capitalisation issue on 25th November, 1982, the 4 for 1 bonus issue on 4th November, 1983, the 1 for 6 rights issue on 11th May, 1984 and the 4 for 1 capitalisation issue on 2nd June, 1986.
3. Calculated before waiver of dividends for 1983 by A. M. Sugar.

## Group Operating Companies

# Amstrad

### United Kingdom

**Amstrad plc**  
Brentwood House,  
169 Kings Road,  
Brentwood,  
Essex CM14 4EF

### Australia

**Amstrad Pty Limited**  
Building C,  
The Lakes Business Park,  
Lord Street,  
Botany, NSW 2019,  
Australia

### France

**Amstrad International S.A.**  
32 Avenue De L'Océanie,  
Z.A. De Courtaboeuf,  
91940 Les Ulis,  
France

### Germany

**Amstrad GmbH**  
Robert-Koch-Straße 9,  
6108 Weiterstadt,  
Germany

### Amstrad Fidelity GmbH

Robert-Koch-Straße 9,  
6108 Weiterstadt,  
Germany

### Greece

**Amstrad Hellas S.A.**  
Polytechniou 12,  
Athens 1040,  
Greece

### Holland

**Amstrad B.V.**  
Reactorweg 279,  
3542 AD Utrecht,  
Holland

### Italy

**Amstrad SpA**  
Via Riccione 14,  
20156 Milan,  
Italy

### Spain

**Amstrad Espana S.A.**  
Ronda De Valdecarrizo S/N.  
Sector 10, Parcela 2,  
Tres Cantos,  
28760 Colemenar Viejo (Madrid),  
Spain

**AMSTRAD plc**

**FORM OF PROXY**

I/We

---

being (a) member(s) of Amstrad plc, hereby appoint the Chairman of the Meeting  
(See Note 1)

or

---

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 Tuesday 24th November, 1992 and at any adjournment  
thereof. This proxy is to be used as follows:

RESOLUTIONS	FOR	AGAIN
1 To receive and adopt the financial statements for the year ended 30th June, 1992 and the directors' and auditors' report thereon	<input type="checkbox"/>	<input type="checkbox"/>
2 To elect directors		
(i) Mr. M. M. Miller	<input type="checkbox"/>	<input type="checkbox"/>
(ii) Mr. R. J. Watkins	<input type="checkbox"/>	<input type="checkbox"/>
(iii) Dr. B. F. J. Steiner	<input type="checkbox"/>	<input type="checkbox"/>
(iv) Mr. A. G. Dean	<input type="checkbox"/>	<input type="checkbox"/>
3 To reappoint the auditors and to authorise the directors to fix their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
4 Special business		
(A) Ordinary resolution to give the directors authority until the next Annual General Meeting to allot shares	<input type="checkbox"/>	<input type="checkbox"/>
(B) Special resolution to disapply pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>
(C) Special resolution to authorise the purchase of own shares	<input type="checkbox"/>	<input type="checkbox"/>
5 To transact any other ordinary business of the company	<input type="checkbox"/>	<input type="checkbox"/>

Signature

Date

---

**NOTES**

- 1 If you wish to appoint some other person, please insert his/her name and address, initial the insertion and strike out the words "Chairman of the Meeting".
- 2 Please indicate with an X how you wish your vote to be cast. Unless otherwise instructed the proxy will vote or abstain as he/she thinks fit.
- 3 A corporation proxy must be executed under its Common Seal or under the hand of a duly appointed officer or attorney.
- 4 To be valid, this proxy must be lodged with the Registrar not less than forty-eight hours before the date 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.
- 6 Completion and return of the form of proxy will not preclude ordinary shareholders attending and voting at the Meeting should they subsequently decide to do so.

**BUSINESS REPLY SERVICE**  
LICENCE No. BR 3008



**Lloyds Bank Plc**  
**Registrar's Department**  
**Goring-by-Sea**  
**Worthing**  
**West Sussex BN12 4BR**

Second fold

First fold

Third fold and tuck in opposite