

955321

# Betacom Plc Annual Report & Accounts 1997



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<b>Directors</b>	Alan Sugar DSc Robert Watkins Martin Bland BA ACA Anthony Sethill BSc Philip Thorndyke	Chairman Chief Executive Finance director Commercial director Sales director
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<b>Company secretary and registered office</b>	David Riches ACMA ACIS, Brentwood House, 169 Kings Road, Brentwood, Essex CM14 4EF
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<b>Stockbrokers</b>	Beeson Gregory Limited, The Registry, Royal Mint Court, London EC3N 4EY
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<b>Registered auditors</b>	Deloitte & Touche, Chartered Accountants, Hill House, 1 Little New Street, London EC4A 3TR
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<b>Solicitors</b>	Travers Smith Braithwaite, 10 Snow Hill, London EC1A 2AL
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<b>Bankers</b>	Lloyds Bank Plc, City Office, 72 Lombard Street, London EC3P 3BT
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<b>Registrar and transfer office</b>	Independent Registrars Group Limited, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ
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<b>Company number</b>	Registered in England and Wales No. 955321
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## Chairman's statement

### Financial review

Sales for the financial year ended 30th June, 1997 were £43.1 million (1996: £16.0 million) of which £19.8 million was derived from the telecommunications business and £23.3m from the consumer products business acquired during the year. An operating profit of £1.8 million (1996: £0.4 million) was made up of £1.2 million from the telecommunications business and £0.6 million from the consumer products business. Profit before tax was £1.7m as compared to £0.6 million for the financial year ended 30th June, 1996.

The Board of Directors recommend a final dividend of 0.3p (1996: nil) per ordinary share to be paid on 5th December, 1997 to shareholders on the register at 31st October, 1997 which together with an interim dividend of 0.2p per share (1996: nil) paid on 7th April, 1997 makes a total distribution of 0.5p (1996: nil) per ordinary share in respect of the year ended 30th June, 1997.

The cash balance at 30th June, 1997 was £0.2 million (1996: £3.9 million) with the cash reduction mainly due to an increased investment in working capital reflecting the Company's significant expansion during the year.

### Operating review

On 1st July, 1996 the Company announced that it had entered into an agreement with Amstrad plc to supply to Betacom Plc under licence all Amstrad, Sinclair, Fidelity and Integra branded audio, television, video, telecom and household consumer products for a minimum period of three years. This agreement allowed Betacom Plc to expand into these markets whilst initiating the revitalisation of the Amstrad, Fidelity, Sinclair and Integra brands, particularly in the UK retail market.

The success of this agreement led to the Company acquiring, on 4th June, 1997, the Amstrad plc business of trading in domestic satellite receiving equipment and ancillary electronic and electrical goods for the consumer market. As part of this acquisition the Company acquired outright the Amstrad, Fidelity, Sinclair and Integra brands and the related patents and intellectual property rights.

In the telecoms market efforts were concentrated on the UK market which remains highly competitive with average retail prices falling in all the major sectors. The cordless sector remains the most difficult and during the year new cordless products were introduced along with a payphone product and new plain paper facsimile machines.

The UK consumer electronics market is also very competitive with margins under continual pressure. Television sales in particular were strong with additional business gained from national supermarket chains. The results for the year include one month's satellite product sales to the UK and Australian markets.

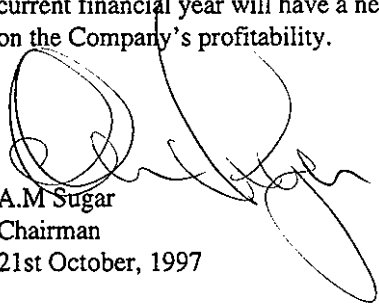
### Outlook

The Amstrad name is now the predominant brand of the Company and represents one of the strongest consumer electronics brands in Europe and it is intended that the future direction of the business will capitalise on this. In recognition of this a special resolution will be proposed at the Annual General Meeting on 25th November, 1997 to change the name of the company to Amstrad plc.

A new senior management team has been put in place and will over the next few months review both the current product range and the future direction of the Company. New products will be introduced selectively and only if they enhance profitability. The technical and design team that joined the Company as part of the Amstrad plc business acquisition, will concentrate on developing innovative products in both satellite and other product categories.

The rapid expansion of the Company in the last year has meant that the Company has outgrown the Enfield site and on 6th October, 1997 the Company's headquarters were moved to Brentwood.

Overall, the current financial year will be a period of refocusing the Company with resources being invested in developing products which in the current financial year will have a negative impact on the Company's profitability.

  
A.M Sugar  
Chairman  
21st October, 1997

## Corporate governance

Up until 26th November, 1996, the roles of Chairman and Chief Executive were combined. Following the resignation of Mr. J. Samson, who was a non-executive director, Mr. A. Sugar joined the Board as a non-executive director on 23rd October, 1996 and assumed the role of non-executive Chairman on 26th November, 1996 with Mr. N. Becker continuing his role as Chief Executive until his resignation on 22nd September, 1997. Mr. R. Watkins was appointed Chief Executive on 2nd October, 1997.

On 1st August, 1997, Mr. A. Sugar became executive Chairman and as a result, the Board is now seeking a non-executive director. However, the Directors believe that the Company's scale and resources are not sufficient at this time to justify the need for three non-executive directors as required by the Code of Best Practice established by the Cadbury Committee.

As the Company had only one non-executive director during the year, it is unable to comply with the recommendations contained within the Cadbury Code of Best Practice concerning the composition of sub-committees of the Board. During the year the Board had two sub-committees, an audit committee and a remuneration committee, both of which were chaired by a non-executive director. The Chief Executive is the other member of the audit committee and the Finance Director is the other member of the remuneration committee. Pending the appointment of a non-executive director the responsibility of these committees has been undertaken by the Board as a whole, as has the selection and appointment of directors during the year.

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

The directors are responsible for the Company's system of internal financial control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's system is designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. Key procedures that have been established and are designed to provide effective financial control include:-

- a monthly system of financial reporting, including comparisons against budget;
- appropriate authority limits for all transactions, including Board approval for major transactions;
- segregation of duties wherever practicable;
- arrangements to ensure the security of data on the Company's computer system;
- clear documentation of all financial control procedures in the Company's procedures manual;
- audit committee's review of external and internal audit reports.

The Board has reviewed the effectiveness of the system of internal financial control for the accounting period and the period to the date of approval of the financial statements. The rapid expansion of the Company in the past year and the current structure and size of the Company has indicated the need to revise the financial controls in certain areas. The Board has therefore strengthened the management of the Company in certain areas and is reviewing the financial controls to ensure that they are appropriate for the future plans of the business.

Other than the matters referred to above concerning the composition of the Board and its sub-committees, the Company complied with the Code of Best Practice throughout the period.

The Company's auditors, Deloitte & Touche, have confirmed that, in their opinion, with respect to the directors' statements on internal control and going concern, the directors have provided the disclosures required by the Listing Rules of The London Stock Exchange and such statements are not inconsistent with the information of which they are aware from their audit work on the financial statements, and that the directors' other statements above appropriately reflect the Group's compliance with other paragraphs of the Cadbury Code specified for their review by Listing Rules 12.43 (j) and 12.43 (v). They were not required to perform the additional necessary work and they did not express any opinion on the effectiveness of either the Group's system of internal financial control or its corporate governance procedures nor on the ability of the Group to continue in operational existence.

**Report of the directors**

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 30th June, 1997.

**Principal activities**

The principal activities of the Group are the design, development, marketing and distribution of telecommunication, satellite and other consumer electronic products.

**Business review and future developments**

A review of the Group's business and future developments is contained within the Chairman's statement on page 2.

**Results and dividends**

The profit for the year on ordinary activities before tax was £1,662,000 (1996: £606,000). Full details are set out in the consolidated profit and loss account on page 10 of these financial statements.

An interim dividend of 0.2p per share was paid to the shareholders on 7th April, 1997 (1996: nil). The directors recommend the payment of a final dividend of 0.3p per share (1996: nil).

**Research and development**

The Group carries out research and development as part of its day to day activities in relation to its products according to the markets in which it operates. Details of research and development expenditure are set out in note 5 to the financial statements.

**Share capital**

Details of issued share capital are given in note 18 to the financial statements.

**Directors and their interests**

The present membership of the Board is set out on page 1. Mr. P. Jacobs resigned on 6th September, 1996 and Mr. J. Samson resigned on 23rd October, 1996. Mr. J. Seidman was appointed on 26th November, 1996 and resigned on 11th August, 1997. Mr. A. Sugar was appointed on 23rd October, 1996 and Mr. M. Bland was appointed on 11th August, 1997. Mr. N. Becker resigned on 22nd September, 1997. Mr. A. Sethill was appointed on 22nd September, 1997 and Mr. R. Watkins was appointed on 2nd October, 1997. Mr. A. Sugar, Mr. R. Watkins, Mr. M. Bland and Mr. A. Sethill retire by rotation and offer themselves for re-election at the Annual General Meeting.

Details of related party transactions and directors interests in transactions during the year are included in note 25 to the financial statements. Directors' interests in Betacom Plc shares and share options are disclosed in the remuneration report on pages 6 and 7.

**Substantial interests**

The directors are not aware of any shareholders beneficially interested in three per cent, or more of the issued share capital of the Company at 30th June, 1997 or at 14th October, 1997 save as disclosed below:

	<i>30th June, 1997</i>		<i>14th October, 1997</i>	
	<i>Ordinary shares of 10p each</i>	<i>Percentage of share capital</i>	<i>Ordinary shares of 10p each</i>	<i>Percentage of share capital</i>
Amstrad plc	53,562,160	69.7%	-	-
Mr. A. M. Sugar	-	-	18,056,313	23.5%
Binatone Holdings Limited *	5,278,247	6.9%	5,278,247	6.9%
Binatone International Holdings Limited *	485,000	0.6%	485,000	0.6%
Shell Contributory Pension Fund	-	-	2,517,103	3.3%
Goldman Sachs Corporation	-	-	5,786,396	7.5%

\* under common control

As at 30th June, 1997, Amstrad plc owned 69.7% of the Company's share capital. On 4th August, 1997, under a scheme of arrangement, the entire share capital of Amstrad plc was purchased by Viglen Technology plc and the shares in Betacom Plc owned by Amstrad plc were distributed pro-rata to Amstrad plc shareholders. As a result, as at 14th October, 1997 Mr. A. Sugar owned 23.5% of the share capital of the Company as shown above. Mr. A. Sugar's interest is largely held by Amshold Limited, a company which is wholly owned by Mr. A. Sugar.

**Supplier payment policy**

It is the Company's normal practice to pay suppliers promptly according to the agreed terms and conditions provided that the suppliers meet their obligations. The number of days purchases outstanding at 30th June, 1997 was 64.

**Auditors**

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

By order of the Board



David Riches  
Secretary

21st October, 1997

**Remuneration report**

Pending the appointment of a non-executive director the Board presents its remuneration report for the year ended 30th June, 1997. Except as described below, the Company has complied with Section A of the best practice provisions concerning directors' remuneration annexed to The London Stock Exchange's listing rules.

**Composition of the remuneration committee**

During the year the remuneration committee comprised a non-executive director and the finance director and was chaired by a non-executive director. The Company is unable to comply with the best practice provisions which require that remuneration committees consist exclusively of non-executive directors.

**Remuneration policy**

In framing its remuneration policy, the committee gave full consideration to section B of the best-practice provisions annexed to the listing rules. The committee ensured that the total remuneration packages of the executive directors, which were reviewed annually, were structured to attract, retain and motivate directors of the quality required to ensure the Company is managed successfully for the benefit of shareholders. Consideration was given to pay and employment conditions in other companies.

**Performance related bonuses**

During the financial year executive directors participated in the Company's bonus scheme which rewards performance based on achievement in relation to budgeted levels of profitability and return on capital employed. Budgets, which are prepared annually, are stretching and are designed to enhance the business. No performance related bonuses are payable in respect of the year ended 30th June, 1997.

**Directors' emoluments**

The emoluments of the directors, excluding pension contributions, for the year ended 30th June, 1997 were as follows :-

	<i>Salary</i> £'000	<i>Benefits in kind</i> £'000	<i>Total for year ended 30th June, 1997</i> £'000	<i>Total for year ended 30th June, 1996</i> £000
A.M.Sugar	-	-	-	-
N.J.Becker	92	10	102	130
P.R. Thorndyke	63	6	69	88
P.L.A. Jacobs	13	2	15	99
J. Seidman	36	3	39	-
J.E Samson	-	-	-	-
A.T. Burns	-	-	-	45
	<u>204</u>	<u>21</u>	<u>225</u>	<u>362</u>

During the financial year Mr. N. Becker was the Chief Executive and the highest paid director. Up until 26th November, 1996 Mr. N.Becker was also Chairman of the Company. No fees were paid for the services of Mr. A. Sugar and Mr. J. Samson. Mr. A. Sugar was Chairman of the Company from 26th November, 1996. Pension contributions to money purchase schemes of £1,731 and £3,232 were made in respect of Mr. P. Jacobs and Mr. P. Thorndyke (1996: £4,095, £3,433).

Compensation for directors' loss of office amounted to £nil (1996: Mr. A. Burns £42,488).

Mr. N.Becker and Mr. P. Thorndyke have continuous service contracts subject to 12 months' notice. Mr J. Seidman's service was terminable upon six months notice by the Company. No compensation for loss of office is payable to Mr. J. Seidman following his resignation on 11th August, 1997. Compensation, equivalent to 12 month's salary, is payable to Mr. N. Becker following his resignation on 22nd September, 1997. After the end of the financial year Mr. M. Bland was appointed with a service contract subject to 12 months' notice. Service contracts for Mr.A.Sethill and Mr.R.Watkins have not yet been agreed. As from 1st August, 1997 Mr. A. Sugar's services are provided to Betacom Plc by Amshold Limited, a company owned by Mr. A. Sugar, and are terminable on 12 months notice. Other than Mr Sugar' interests as disclosed in note 25 to the financial statements the Company has not been informed of any contract during the period in which any director of the Company had a material interest.

**Directors and their shareholdings**

The directors of the Company as at 30th June 1997 had the following interests in the shares of Betacom Plc :

	Ordinary shares of 10p each	
	30th June, 1997 (or date of resignation)	1st July, 1996 (or date of appointment)
A.M. Sugar (shares held by Amstrad plc)	53,562,160	44,073,109
N.J. Becker	-	-
P.R. Thorndyke	5,600	5,600
J. Seidman	-	-

Mr. A. Sugar's interest in the above ordinary shares are entirely by way of his shareholding of 41,114,630 ordinary shares in Amstrad plc which is largely held by Amshold Limited, a company wholly owned by Mr. A. Sugar. None of the other directors held any shares in any Group company. On 4th August, 1997, under a scheme of arrangement, the entire share capital of Amstrad plc was purchased by Viglen Technology plc and the shares in Betacom Plc owned by Amstrad plc were distributed pro-rata to Amstrad plc shareholders. As a result as at 14th October, 1997 Mr. A. Sugar, principally through Amshold Limited, owned 18,056,313 shares in Betacom Plc. No other changes in directors interests have occurred up to 14th October, 1997.

Mr. A. Sugar was Chairman of Amstrad plc which he founded in 1968 and which became a listed company in 1980. He became Chairman of Tottenham Hotspur plc in 1991 and was appointed a non-executive director of Betacom Plc on 23rd October, 1996 and was appointed non-executive Chairman on 26th November, 1996. He became executive Chairman on 1st August, 1997.

**Directors' share options**

The Company believes that the holding of options by executive directors strengthens the link between their personal interests and those of shareholders.

All employees of the Company, including executive directors, are potential beneficiaries of the 1988 Executive Share Option Scheme. The granting of options is limited to a period of six weeks from the dealing day following the announcement by the Company of its annual or half-yearly results. The options are not transferable and no price is paid for the grant of an option.

Full details of the options held by executive directors who served during the year and any movements over the year are as follows :-

	30th June, 1996	Options granted during year	Options exercised during year	30th June, 1997	Exercise price	Exercise period	
						From	To
N Becker	750,000	-	-	750,000	15.0p	14.03.97	14.03.04
	450,000	-	-	450,000	11.5p	20.03.99	20.03.06
P Thorndyke	80,000	-	-	80,000	60.0p	26.10.91	26.10.98
	250,000	-	-	250,000	15.0p	14.03.97	14.03.04
	250,000	-	-	250,000	11.5p	20.03.99	20.03.06
P Jacobs	80,000	-	80,000	-	19.0p	30.04.93	06.09.97
	250,000	-	250,000	-	15.0p	06.09.96	14.09.97
	250,000	-	250,000	-	11.5p	06.09.96	20.09.99
J Seidman	-	141,177	-	141,177	51.0p	14.03.00	14.03.04
	-	58,823	-	58,823	51.0p	14.03.00	14.03.07

Following his resignation from the Board Mr. P. Jacobs exercised all of his share options. At the date of exercise the mid market price of the shares was 26p for the 250,000 11.5p share options, 26p for the 80,000 19.0p share options and 37p for the 250,000 15.0p share options.

The mid market price of the Company's shares as at 30th June, 1997 was 68p (1996: 14.5p). The highest mid-market price during the year was 76.5p and the lowest 14.5p.



### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the Company and the Group and of the profit or loss of the Company and the Group for that period. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking steps for the prevention and detection of fraud and other irregularities.

**Auditors' report to the  
members of Betacom Plc**

We have audited the financial statements on pages 10 to 24, which have been prepared under the accounting policies set out on page 14, and the detailed information disclosed in respect of any directors' remuneration, share options and bonus schemes set out in the remuneration report on pages 6 and 7.

**Respective responsibilities of directors and auditors**

As described on page 8, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30th June, 1997 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Deloitte & Touche  
Chartered Accountants  
and Registered Auditors  
Hill House  
1 Little New Street  
London EC4A 3TR

21st October, 1997

## Consolidated profit and loss account

	<i>Note</i>	<i>Year ended 30th June, 1997 £'000</i>	<i>Year ended 30th June, 1996 £'000</i>
<b>Turnover</b>			
From continuing operations		19,830	16,025
From acquired operations		23,245	-
		<hr/>	<hr/>
	2	43,075	16,025
Cost of sales	3	(35,842)	(13,336)
		<hr/>	<hr/>
<b>Gross profit</b>		7,233	2,689
		<hr/>	<hr/>
Distribution costs	3	(2,642)	(859)
Administrative expenses	3	(2,743)	(1,426)
		<hr/>	<hr/>
Net operating expenses		(5,385)	(2,285)
		<hr/>	<hr/>
<b>Operating profit</b>			
From continuing operations		1,237	404
From acquired operations		611	-
		<hr/>	<hr/>
<b>Profit on ordinary activities before interest</b>		1,848	404
Net interest (payable)/receivable	4	(186)	202
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	5	1,662	606
Tax on profit on ordinary activities	8	(225)	(31)
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>		1,437	575
Dividends payable	9	(365)	-
		<hr/>	<hr/>
<b>Profit for the financial year transferred to reserves</b>	10	1,072	575
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share	11	2.12p	0.86p
		<hr/>	<hr/>
Equity dividends per share	9	0.5p	-
		<hr/>	<hr/>

There are no recognised gains or losses other than those included within the profit and loss account.

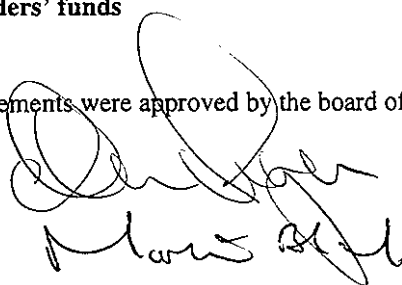
## Consolidated balance sheet

	Note	30th June, 1997 £'000	30th June, 1996 £'000
<b>Fixed assets</b>			
Tangible assets	12	830	549
<b>Current assets</b>			
Stocks	14	13,851	3,666
Debtors	15	10,564	3,505
Cash at bank and in hand		174	3,871
		<u>24,589</u>	<u>11,042</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(10,334)</u>	<u>(1,562)</u>
<b>Net current assets</b>		<u>14,255</u>	<u>9,480</u>
<b>Total assets less current liabilities</b>		15,085	10,029
<b>Provisions for liabilities and charges</b>	17	<u>(2,564)</u>	<u>(233)</u>
<b>Total net assets</b>		<u><u>12,521</u></u>	<u><u>9,796</u></u>
Called up share capital	18	7,687	6,660
Share premium account	19	5,680	96
Other reserve: goodwill	19	(4,958)	-
Profit and loss account	19	4,112	3,040
<b>Equity shareholders' funds</b>	20	<u><u>12,521</u></u>	<u><u>9,796</u></u>

The financial statements were approved by the board of directors on 21st October, 1997.

A. M. Sugar

M.A.G. Bland  
Directors



## Company balance sheet

	<i>Note</i>	<i>30th June, 1997 £'000</i>	<i>30th June, 1996 £'000</i>
<b>Fixed assets</b>			
Tangible assets	12	826	549
Investments	13	6,570	68
		<hr/>	<hr/>
		7,396	617
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	14	7,970	3,666
Debtors	15	14,753	3,505
Cash at bank and in hand		171	3,871
		<hr/>	<hr/>
		22,894	11,042
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	16	(10,179)	(1,633)
		<hr/>	<hr/>
<b>Net current assets</b>		12,715	9,409
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		20,111	10,026
<b>Provisions for liabilities and charges</b>	17	(2,564)	(233)
		<hr/>	<hr/>
<b>Total net assets</b>		17,547	9,793
		<hr/> <hr/>	<hr/> <hr/>
Called up share capital	18	7,687	6,660
Share premium account	19	5,680	96
Special capital reserve	19	1,198	1,198
Profit and loss account	19	2,982	1,839
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		17,547	9,793
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the board of directors on 21st October, 1997.

A.M.Sugar

M.A.G. Bland  
Directors

## Consolidated cash flow statement

	<i>Note</i>	<i>Year ended 30th June, 1997 £'000</i>	<i>Year ended 30th June, 1996 £'000</i>
Net cash outflow from operating activities	21	(2,927)	(422)
Returns on investments and servicing of finance	22a	(186)	202
UK corporation tax paid		(51)	(25)
Capital expenditure	22b	(509)	17
Equity dividends paid		(135)	-
		-----	-----
Cash outflow before use of liquid resources and financing		(3,808)	(228)
<b>Financing</b>			
Issue of shares		111	-
		-----	-----
Decrease in cash		(3,697)	(228)
		=====	=====
<b>Reconciliation of net cash flow to movement in net cash</b>			
Decrease in cash in the year		(3,697)	(228)
Cash at 1st July, 1996		3,871	4,099
		-----	-----
Cash at 30th June, 1997		174	3,871
		=====	=====

## Notes to the financial statements

## 1. Accounting policies

- (a) The financial statements are prepared in accordance with the historical cost convention and in accordance with applicable accounting standards.
- (b) Turnover comprises invoiced sales and services less returns and VAT.
- (c) (i) Fixed assets are capitalised at cost; and  
(ii) Short leasehold premises and improvements are amortised over the period of the lease. Other tangible fixed assets are depreciated over their estimated useful lives

	<i>Rate p.a.</i>	<i>Method</i>
Special tools	50%	Straight line
Fixtures, fittings, office equipment and motor vehicles	25%	Straight line

- (d) Stocks are stated at the lower of cost and net realisable value.
- (e) The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided where it is considered probable that a liability will crystallise.
- (f) The results for the Group comprise the results of the Company and its subsidiary undertakings up to 30th June, 1997. Goodwill arising on consolidation, which is the excess of the fair value of the consideration paid over the fair value of the net assets acquired, is written off directly to reserves. Assets of companies acquired are incorporated in the consolidated financial statements at their fair value to the Group.
- (g) Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction except where a transaction is covered by a related or matching forward contract in which case the rate of exchange specified in the contract is used. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, or where appropriate the rate of exchange specified in a related or forward contract, and the gains and losses on translation are included in the profit and loss account.
- (h) Development costs, both internal and external, associated with the Company's products, are written off to the profit and loss account as they are incurred.
- (i) Provision is made for costs relating to anticipated sales returns of products within their warranty period.

## 2. Turnover

All turnover derives from one class of business. An analysis of turnover by geographical destination is as follows :

	<i>30th June, 1997 £'000</i>	<i>30th June, 1996 £'000</i>
United Kingdom	39,504	14,025
Other European Countries	2,229	1,884
Rest of World	1,342	116
	<u>43,075</u>	<u>16,025</u>

### 3. Analysis between continuing and acquired operations

	<i>Continuing Operations £000</i>	<i>Acquired Operations £000</i>	<i>Year ended 30th June, 1997 Total</i>	<i>Year ended 30th June, 1996 Total</i>
Turnover	19,830	23,245	43,075	16,025
Cost of sales	(15,966)	(19,876)	(35,842)	(13,336)
Gross profit	3,864	3,369	7,233	2,689
Distribution costs	(1,393)	(1,249)	(2,642)	(859)
Administrative expenses	(1,234)	(1,509)	(2,743)	(1,426)
Operating profit	<u>1,237</u>	<u>611</u>	<u>1,848</u>	<u>404</u>

### 4. Net interest (payable)/receivable

	<i>Year ended 30th June, 1997 £'000</i>	<i>Year ended 30th June, 1996 £'000</i>
Interest receivable	196	202
Interest payable on borrowings	(92)	-
Interest payable to group companies	(290)	-
	<u>(186)</u>	<u>202</u>

### 5. Profit on ordinary activities before taxation

Operating profit from continuing and acquired operations is stated after charging the following :-

	<i>Year ended 30th June, 1997 £'000</i>	<i>Year ended 30th June, 1996 £'000</i>
Depreciation of tangible fixed assets	264	272
Research and development expenditure	146	118
Operating leases: land and buildings	87	82
Auditors' remuneration and expenses - audit work	30	24
Auditors' remuneration and expenses - other	9	7
Directors' emoluments excluding pension contributions	225	362
Pension contributions in respect of directors	5	10
Restructuring costs	-	92

In addition to the above the auditors were paid £90,000 in respect of the acquisition of the Amstrad Consumer Electronics business during the year. This amount has been included in the costs of acquisition set out in note 23.

### 6. Emoluments of directors

Details of directors' emoluments and directors' share options are included in the remuneration report on pages 6 and 7.



**7. Staff numbers and costs**

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows :-

	<i>Year ended 30th June, 1997 No.</i>	<i>Year ended 30th June, 1996 No.</i>
Administration	27	19
Sales and marketing	14	6
Warehousing, service and distribution	38	27
Technical and product management	20	6
	<u>99</u>	<u>58</u>
	=====	=====

The aggregate payroll costs of these persons were as follows :-

	<i>Year ended 30th June, 1997 £'000</i>	<i>Year ended 30th June, 1996 £'000</i>
Wages and salaries, including bonuses	1,938	1,165
Social security costs	190	104
Other pension costs	5	28
	<u>2,133</u>	<u>1,297</u>
	=====	=====

**8. Tax charge on profit on ordinary activities**

	<i>Year ended 30th June, 1997 £'000</i>	<i>Year ended 30th June, 1996 £'000</i>
Tax based on the profit on ordinary activities for the year:		
UK corporation tax at 32.5% (1996: 33%)	225	34
Adjustments in respect of prior years	-	(3)
	<u>225</u>	<u>31</u>
	=====	=====

The tax charge is low in the year due to the availability of brought forward losses.

**9. Dividends**

The directors propose a final dividend of 0.3p (1996: nil) per share, which together with the interim dividend of 0.2p (1996: nil) per ordinary share paid on 7th April, 1997 makes a total distribution of 0.5p (1996: nil) per ordinary share in respect of the year ended 30th June, 1997. This is equivalent to 0.625p (1996: nil) per ordinary share with the related tax credit at the current rate of 20/80ths.

**10. Profit for the year**

In accordance with the exemption allowed by Section 230(4) of the Companies Act 1985, the Company has not presented its own profit and loss account. The parent company's profit after taxation for the financial year amounted to £1.5 million (1996: £0.7million).

**11. Earnings per share**

The earnings per share has been based on the profit for the year after taxation and on the average number of shares in issue during the year of 67,730,565 (1996: 66,602,608). There would be no material dilution of earnings per share if the share options were exercised.

**12. Tangible fixed assets**

	<i>Short leasehold property and improvements £'000</i>	<i>Motor vehicles £'000</i>	<i>Fixtures fittings tools and equipment £'000</i>	<i>Total £'000</i>
<b>Group</b>				
<i>Cost</i>				
At 1st July, 1996	330	164	1,917	2,411
Additions	144	272	180	596
Disposals	-	(82)	(18)	(100)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 30th June, 1997	<u>474</u>	<u>354</u>	<u>2,079</u>	<u>2,907</u>
<i>Depreciation</i>				
At 1st July, 1996	194	48	1,620	1,862
Charge for the year	27	88	149	264
Disposals	-	(46)	(3)	(49)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 30th June, 1997	<u>221</u>	<u>90</u>	<u>1,766</u>	<u>2,077</u>
<i>Net book value</i>				
At 30th June, 1997	<u>253</u>	<u>264</u>	<u>313</u>	<u>830</u>
At 30th June, 1996	<u>136</u>	<u>116</u>	<u>297</u>	<u>549</u>

## 12. Tangible fixed assets (continued)

Company	<i>Short leasehold property and improvements £'000</i>	<i>Motor vehicles £'000</i>	<i>Fixtures fittings tools and equipment £'000</i>	<i>Total £'000</i>
<b>Cost</b>				
At 1st July, 1996	330	164	1,917	2,411
Additions	144	272	176	592
Disposals	-	(82)	(18)	(100)
	<u>474</u>	<u>354</u>	<u>2,075</u>	<u>2,903</u>
<b>Depreciation</b>				
At 1st July, 1996	194	48	1,620	1,862
Charge for the year	27	88	149	264
Disposals	-	(46)	(3)	(49)
	<u>221</u>	<u>90</u>	<u>1,766</u>	<u>2,077</u>
<b>Net book value</b>				
At 30th June, 1997	<u>253</u>	<u>264</u>	<u>309</u>	<u>826</u>
At 30th June, 1996	<u>136</u>	<u>116</u>	<u>297</u>	<u>549</u>

## 13. Investments

**Company**

Investments of the Company at 30th June, 1997 comprise shares in subsidiary undertakings at cost of £7,107,000 (1996: £607,000) less provisions of £537,000 (1996: £539,000). The trade of three subsidiary undertakings, Answercall Limited, Betacom Products Limited and Betacom Consumer Electronics Limited are conducted by Betacom Plc which is the appointed agent of these subsidiary undertakings. The following information relates to the group's principal undertakings which are all engaged in the group's principal activity.

Name of Subsidiary	Percentage of allotted equity owned	Country of Incorporation
Answercall Limited	100%	United Kingdom
Betacom Products Limited	100%	United Kingdom
Betacom Consumer Electronics Limited	100%	United Kingdom
Betacom Far East Limited	100%	Hong Kong

## 14. Stocks

	<i>Group</i>		<i>Company</i>	
	<i>30th June, 1997 £'000</i>	<i>30th June, 1996 £'000</i>	<i>30th June, 1997 £'000</i>	<i>30th June, 1996 £'000</i>
Raw materials and consumables	301	-	-	-
Finished goods and goods for resale	13,550	3,666	7,970	3,666
	<u>13,851</u>	<u>3,666</u>	<u>7,970</u>	<u>3,666</u>

## 15. Debtors

	Group		Company	
	30th June, 1997 £'000	30th June, 1996 £'000	30th June, 1997 £'000	30th June, 1996 £'000
Trade debtors	9,364	3,311	9,364	3,311
Amounts due from parent company	-	30	-	30
Amounts due from subsidiary undertakings	-	-	4,255	-
Other debtors	634	65	632	65
Prepayments and accrued income	508	99	502	99
Corporation tax recoverable	58	-	-	-
	<u>10,564</u>	<u>3,505</u>	<u>14,753</u>	<u>3,505</u>

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

	Group		Company	
	30th June, 1997 £'000	30th June, 1996 £'000	30th June, 1997 £'000	30th June, 1996 £'000
Trade creditors	5,213	898	5,213	898
Amounts owed to subsidiary undertakings	-	-	71	71
Amounts owed to fellow group undertaking	3,293	-	3,293	-
Corporation tax payable	271	39	53	39
Other taxes and social security	171	243	171	243
Accruals and deferred income	1,156	382	1,148	382
Dividend payable	230	-	230	-
	<u>10,334</u>	<u>1,562</u>	<u>10,179</u>	<u>1,633</u>

## 17. Provisions for liabilities and charges

Provisions, which are in respect of goods returned under warranty, were as follows for the Group and Company:-

	30th June, 1997 £'000	30th June, 1996 £'000
At 1st July, 1996	233	134
Provided in the year	331	99
Acquired (note 23)	2,000	-
	<u>2,564</u>	<u>233</u>
At 30th June, 1997	<u>2,564</u>	<u>233</u>

The amount of potential deferred tax not provided is £nil (1996: £nil).

## 18. Share capital

	30th June, 1997		30th June, 1996	
	No.	£'000	No.	£'000
<i>Authorised:</i>				
Ordinary shares of 10p each	88,122,793	8,812	88,122,793	8,812
<i>Allotted issued and fully paid:</i>				
Ordinary shares of 10p each	76,871,659	7,687	66,602,608	6,660

During the year, 780,000 shares were issued in respect of share options and a further 9,489,051 ordinary shares were issued for the acquisition of the Amstrad Consumer Electronics business as disclosed in note 23.

The following options to subscribe for shares have been granted under the Company's 1988 Employee Share Option Scheme and were outstanding at 30th June, 1997:-

Date of grant	No. of ordinary shares		Option price	Exercisable from	Exercisable to
	Directors	Others			
26th October, 1988	80,000	24,000	60p	26.10.91	26.10.98
14th March, 1994	1,000,000	300,000	15p	14.03.97	14.03.04
2nd November, 1994	-	48,000	8p	02.11.97	02.05.98
20th March, 1996	700,000	300,000	11.5p	20.03.99	20.03.06
14th March, 1997	141,177	303,531	51p	14.03.00	14.03.04
14th March, 1997	58,823	226,469	51p	14.03.00	14.03.07

Details of directors' share options are disclosed in the remuneration report on page 7.

## 19. Reserves

	Share premium account £'000	Special Capital Reserve £'000	Other Reserve Goodwill £000	Profit and loss account £'000	Total £'000
<b>Group</b>					
At 1st July, 1996	96	-	-	3,040	3,136
Premium on shares issued during the year	5,584	-	-	-	5,584
Goodwill arising on acquisition of business	-	-	(4,958)	-	(4,958)
Profit retained for the financial year	-	-	-	1,072	1,072
	<u>5,680</u>	<u>-</u>	<u>(4,958)</u>	<u>4,112</u>	<u>4,834</u>
At 30th June, 1997					
Accumulated goodwill written off against reserves	-	1,198	4,958	39	6,195

## 19. Reserves (continued)

Company	Share premium account £'000	Special Capital Reserve £'000	Other Reserve Goodwill £000	Profit and loss account £'000	Total £'000
At 1st July, 1996	96	1,198	-	1,839	3,133
Premium on shares issued during the year	5,584	-	-	-	5,584
Profit retained for the financial year	-	-	-	1,143	1,143
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 30th June, 1997	5,680	1,198	-	2,982	9,860
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 20. Reconciliation of movements in shareholders' funds

	Year ended 30th June, 1997 £'000	Year ended 30th June, 1996 £'000
At 1st July, 1996	9,796	9,221
Shares issued during the year	6,611	-
Goodwill arising on acquisition	(4,958)	-
Profit for the year	1,437	575
Dividends	(365)	-
	<u>          </u>	<u>          </u>
At 30th June, 1997	12,521	9,796
	<u>          </u>	<u>          </u>

## 21. Net cash outflow from operating activities

	Year ended 30th June, 1997 £'000	Year ended 30th June, 1996 £'000
Operating profit	1,848	404
Depreciation	264	272
(Profit)/Loss on sale of tangible fixed assets	(20)	9
Increase in stocks	(6,297)	(149)
Increase in debtors	(6,851)	(987)
Increase/(Decrease) in creditors	7,798	(70)
Increase in provisions	331	99
	<u>          </u>	<u>          </u>
Net cash outflow from operating activities	(2,927)	(422)
	<u>          </u>	<u>          </u>

## 22. Analysis of cash flows for headings netted in cash flow statement

	<i>Year ended 30th June, 1997 £'000</i>	<i>Year ended 30th June, 1996 £'000</i>
<b>a. Returns on investments and servicing of finance</b>		
Interest received	196	202
Interest paid	(382)	-
	<hr/>	<hr/>
Net cash (outflow)/inflow for returns on investments and servicing of finance	(186)	202
	<hr/> <hr/>	<hr/> <hr/>
<b>b. Capital expenditure</b>		
Purchase of tangible fixed assets	(580)	(278)
Sale of tangible fixed assets	71	295
	<hr/>	<hr/>
Net cash (outflow)/inflow from capital expenditure	(509)	17
	<hr/> <hr/>	<hr/> <hr/>

## 23. Major non cash transactions

On 1st July, 1996 the Group announced it had reached agreement with Amstrad plc to supply under licence all Amstrad, Sinclair, Fidelity and Integra branded audio, television, video, telecom and household consumer products. The supply arrangements commenced on 1st August, 1996 with the licences continuing for a minimum period of three years. No capital payments were made, nor assets transferred, as a result of this transaction.

On 4th June, 1997 the Group acquired the Amstrad plc business of trading in domestic satellite receiving equipment and ancillary electronic and electrical goods for the consumer market. The consideration of £6.5 million was satisfied by the issue of 9,489,051 ordinary 10p shares. This transaction has been accounted for under the acquisition method of accounting and the assets and liabilities acquired have been incorporated in the financial statements at their respective values in the acquisition agreement, which are also considered to be their fair value. Accordingly, no acquisition accounting adjustments have been made to the amounts set out below :-

	<i>£'000</i>
Net Assets Acquired :-	
Fixed assets	16
Stock	3,888
Debtors	150
Creditors	(202)
Provisions for liabilities and charges (warranty provisions)	(2,000)
	<hr/>
	1,852
Costs of acquisition	(310)
Goodwill	4,958
	<hr/>
	6,500
	<hr/> <hr/>

**23. Major non cash transactions (cont'd)**

The combined effect of the licence agreement and acquisition described above, resulted in the Group acquiring those parts of Amstrad plc and its subsidiaries whose principal business was the sale of products under the Amstrad, Fidelity, Sinclair and Integra brands (hereafter referred to as the "Amstrad Consumer Electronics Business"). The historical results for the Amstrad Consumer Electronics Business for the year ended 30th June, 1996 were as follows :-

	<i>Year ended 30th June, 1996 £000</i>
Turnover	113,054
Operating loss	(18,030)
Restructuring costs	(6,680)
Profit on disposal of fixed assets	401
Loss on ordinary activities before interest	(24,309)
Net interest received	7,651
Loss on ordinary activities before taxation	(16,658)
Tax credit on loss on ordinary activities	2,425
Loss on ordinary activities after taxation	(14,233)
Equity minority interests	(222)
Loss for the financial year attributable to shareholders	(14,455)
Dividends paid and proposed	(3,210)
Loss retained for the year	(17,665)
Loss for the financial year	(14,455)
Exchange differences	(378)
Total losses recognised for the financial year	(14,833)

The above results show the historical level of sales achieved by products sold under the Amstrad, Fidelity, Sinclair and Integra brands and include business generated by Amstrad plc's European subsidiaries. The Group did not assume the infrastructure or cost base which supported that level of trading. Accordingly, the historical results do not represent an indication of revenue or profits that might accrue to the Group as a result of the licence agreement and acquisition.

The results of the acquired business from 1st July, 1996 to the date of acquisition by Betacom Plc are largely accounted for under the licence agreement and have therefore already been recorded in the Group's results and disclosed in note 3. Accordingly, they have not been separately disclosed above. Additionally, the cash flows arising from the acquired business have not been separately disclosed as, with the exception of stocks, working capital is managed on a unified basis with the Group's existing operations.

**24. Financial commitments****(a) Capital commitments**

There was no capital expenditure contracted for but not provided in these financial statements (1996: nil). There were no other contracted commitments, other than those provided in the financial statements (1996: nil).



**24. Financial commitments (continued)****(b) Operating lease commitments**

At 30th June, 1997 the group had annual commitments under operating leases relating to land and buildings as follows :-

	<i>Year ended 30th June, 1997 £000</i>	<i>Year ended 30th June, 1996 £000</i>
Expiring between one and two years inclusive	9	-
Expiring between two and five years inclusive	45	-
Expiring in over five years	74	74

**(c) Guarantees**

At 30th June, 1997 the Company has granted a guarantee and indemnity to Amstrad plc and General Surety and Guarantee Company Limited for a total of £700,000 in respect of the deferment of duty and VAT payments to HM Customs and Excise on the importation of products into the UK.

**25. Related party transactions**

Sales to Amstrad plc during the year amounted to £167,441 (1996: £1,814,000). As part of the supply agreement with Amstrad plc as disclosed in note 23 purchases from Amstrad plc during the year amounted to £16,350,000 (1996: £365,000). The amount due to Amstrad plc at 30th June, 1997 was £3,292,846 (1996: Due from Amstrad plc £30,000). In addition on 4th June, 1997 the Group acquired the Amstrad Group business of trading in domestic satellite receiving equipment and ancillary electronic and electrical goods for the consumer market as disclosed in note 23.

An agreement was entered into with Amstrad plc for the rental of one floor of the Amstrad plc office building. The annual rental payable is £45,456 and the agreement is for a period of three years from 3rd June, 1997. After 30th June, 1997 rental agreements were entered into with Amslit Limited (formerly Amstrad plc) to rent further office space at Brentwood at an annual rental of £108,540 for a period of three years to 3rd June, 2000.

By virtue of Mr Sugar's interest of 40.6% of the ordinary shares in Tottenham Hotspur plc ("Tottenham"), he has an interest in a three year contract dated 18th June, 1996 between Tottenham and Betacom Plc for the purchase from Tottenham of advertising. The contract was in the name of Amstrad plc but has been taken over by Betacom Plc. In the year to June 1997, £11,000 was paid and the obligation for the 1997/98 and 1998/99 football seasons is £43,000 in aggregate.

**26. Ultimate parent company**

As at 30th June, 1997, the Company was a subsidiary undertaking of Amstrad plc, which was its ultimate parent company and is registered in England and Wales. Amstrad plc consolidated accounts are available to the public and may be obtained from Viglen House, Alperton Lane, Middlesex HA0 1DX. On 4th August, 1997, under a scheme of arrangement, the entire share capital of Amstrad plc was purchased by Viglen Technology plc and the shares in Betacom Plc owned by Amstrad plc were distributed pro-rata to Amstrad plc shareholders. As a result Betacom Plc no longer has an ultimate parent company.

## Financial record

	<i>Year ended 30th June, 1997 £'000</i>	<i>Year ended 30th June, 1996 £'000</i>	<i>Year ended 30th June, 1995 £'000</i>	<i>Year ended 30th June, 1994 £'000</i>	<i>Year ended 30th June, 1993 £'000</i>
<b>Turnover</b>	43,075	16,025	16,334	13,524	12,088
Gross profit	7,233	2,689	2,652	2,168	2,141
Net operating expenses	(5,385)	(2,285)	(2,415)	(2,030)	(2,084)
Operating profit	1,848	404	237	138	57
Exceptional profit/(loss) on sale of fixed assets	-	-	64	(55)	213
Net interest (payable)/receivable	(186)	202	132	120	246
Profit before taxation	1,662	606	433	203	516
Taxation	(225)	(31)	(35)	-	107
Profit after taxation	1,437	575	398	203	623
Dividends	(365)	-	-	-	-
Retained profit for the year	1,072	575	398	203	623
Earnings per share	2.12p	0.86p	0.60p	0.30p	0.83p
Dividends per share	0.5p	-	-	-	-
<b>Capital employed</b>					
Fixed assets	830	549	847	1,042	833
Net operating assets	11,691	9,247	8,374	7,781	7,787
Net assets	12,521	9,796	9,221	8,823	8,620
<b>Financed by</b>					
Share capital	7,687	6,660	6,660	6,660	6,660
Reserves and share premium	4,834	3,136	2,561	2,163	1,960
Equity shareholders' funds	12,521	9,796	9,221	8,823	8,620

**Notice of meeting**

NOTICE IS HEREBY GIVEN that the ninth annual general meeting of the Company will be held at the Marygreen Manor Hotel, London Road, Brentwood, Essex CM14 4NR on 25th November, 1997 at 10.00 a.m. for the transaction of the following business :

**Ordinary business**

1. To receive and adopt the financial statements of the Company for the year ended 30th June, 1997 and the reports of the directors and auditors thereon.
2. To declare a dividend.
3. That Mr.A.M.Sugar who has been appointed to the Board since the last Annual General Meeting be re-elected.
4. That Mr.R.J.Watkins, who has been appointed to the Board since the last Annual General Meeting be re-elected.
5. That Mr. M.A.G. Bland, who has been appointed to the Board since the last Annual General Meeting be re-elected.
6. That Mr.A.I.Sethill who has been appointed to the Board since the last Annual General Meeting be re-elected.
7. To re-appoint Deloitte & Touche as auditors of the Company and to authorise the directors to fix their remuneration.

**Special business**

To consider and, if thought fit, pass the following resolutions of which resolutions numbered 8 and 12 will be proposed as an ordinary resolution and resolutions numbered 9, 10 and 11 will be proposed as a special resolution:

8. That the directors be and hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to exercise the power of the Company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985) up to an aggregate nominal amount of £1,125,113 to such persons and at such times and on and subject to such terms as the directors shall determine provided that this authority shall unless renewed expire on the conclusion of the next annual general meeting of the Company after passing of this resolution, save that the Company may before such expiry make any 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 offer or agreement as if the authority conferred hereby had not expired.
9. That the directors be and they are hereby further empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (within the meaning of section 94 of the Act) pursuant to the authority referred to in resolution 8 of the notice of this meeting as if section 89(1) of the Companies Act 1985 did not apply to such allotment provided that this power shall be limited;
  - (a) to the allotment of equity securities in connection with an invitation or offering by way of rights in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as maybe) to the respective numbers of equity securities held by or deemed to be held by them on the record date of such allotment subject only to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or requirements of any recognised regulatory body in, in any territory; and
  - (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above of equity securities (as aforesaid) up to an aggregate nominal value net £384,358.

provided that the authority hereby conferred shall unless reviewed expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities (as aforesaid) to be allotted after such expiry and the directors may allot equity securities (as aforesaid) in pursuance of such an offer or agreement as if the power conferred hereby had not expired.
10. That subject to the consent of the Registrar of Companies the name of the Company be changed to Amstrad plc.

11. That, pursuant to section 9 of the Companies Act 1985, the Articles of Association of the Company be deleted in their entirety and the regulations contained in the document submitted to the Meeting and for the purpose of identification signed by the Chairman, the principal features of which are summarised in the Chairman's letter to shareholders of the Company dated 21st October, 1997 be approved and adopted as the Articles of Association of the Company, with effect from the end of this Meeting, in substitution or and to the exclusion of the existing Articles of Association of the Company.
12. That :-
  - (a) the Betacom 1997 Performance Related Share Option Scheme ("the Scheme"), the principal features of which are summarised in the Chairman's letter to shareholders of the Company dated 21st October, 1997 and the rules of which are produced to the meeting and signed by the Chairman for the purpose of identification, be and is hereby approved and adopted; and
  - (b) the directors be authorised to do all acts and things which they may consider necessary or expedient to establish and carry into effect the Scheme, including the making of any alterations necessary to obtain the approval of the Inland Revenue as Part 1 of the Scheme pursuant to the Income and Corporation Taxes Act 1988.

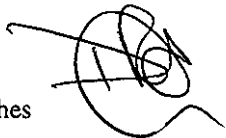
*Notes:*

1. Any member entitled to attend and vote at the meeting convened by the above Notice may appoint one or more proxies to attend and vote instead of him. The proxy need not be a member of the Company. A form of proxy is enclosed and to be valid, it must be lodged to the offices of the Company's registrars, Independent Registrars Group Limited, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ together with the power of attorney or written authority, if any, under which it is signed (or a notarially certified or office copy of such power or written authority) not less than 48 hours before the time fixed for the meeting. The appointment of a proxy does not preclude a member from attending and voting at the meeting.
2. Pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, the Company specifies that only those members registered in the register of members of the Company as at 10.00 a.m. on 23 November, 1997 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the time. Changes to entries on the relevant register of securities after 10.00 a.m. on 23 November, 1997 will be disregarded in determining the rights of any person to attend or vote at the meeting.
3. A statement of the share transactions, if any, of each director up to and including 31 October, 1997 and copies of their contract of services, where applicable, are available for inspection at the registered office of the Company on any weekday (Saturday excepted) until the date of the meeting and shall also be available at the place of the meeting for at least 15 minutes prior to the meeting and until the conclusion of that meeting.

Dated 21st October, 1997

By order of the Board

David Riches  
Secretary



Registered office:  
Brentwood House  
169 Kings Road  
Brentwood  
Essex  
CM14 4EF

**Betacom Plc**  
**FORM OF PROXY**

I/We.....

being (a) member(s) of Betacom Plc hereby appoint the chairman of the meeting (see note 1) or

.....  
as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held on Tuesday 25th November, 1997 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, 1997 and the directors' and auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2 To declare a final dividend of 0.3p	<input type="checkbox"/>	<input type="checkbox"/>
3 To re-elect Mr.A.M.Sugar as a director	<input type="checkbox"/>	<input type="checkbox"/>
4 To re-elect Mr. R.J.Watkins as a director	<input type="checkbox"/>	<input type="checkbox"/>
5 To re-elect Mr.M.A.G. Bland as a director	<input type="checkbox"/>	<input type="checkbox"/>
6 To re-elect Mr.A.I.Sethill as a director	<input type="checkbox"/>	<input type="checkbox"/>
7 To re-appoint Deloitte & Touche as auditors of the Company and to authorise the directors to fix their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
8 To give the directors authority, until the next annual general meeting, to allot shares	<input type="checkbox"/>	<input type="checkbox"/>
9 To disapply pre-emption rights (special resolution)	<input type="checkbox"/>	<input type="checkbox"/>
10 To change the name of the Company to Amstrad plc (special resolution)	<input type="checkbox"/>	<input type="checkbox"/>
11 To approve the adoption of the New Articles of Association (special resolution)	<input type="checkbox"/>	<input type="checkbox"/>
12 To approve and adopt the Betacom 1997 Executive Share Option Scheme	<input type="checkbox"/>	<input type="checkbox"/>

Signature ..... Date .....

**X** 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 as a Deed 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 48 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.
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.