

FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED

30 JUNE 1995

Company No: 1208441

FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 JUNE 1995

Company Registration Number:

1208441

Registered Office:

Viglen House Alperton House Alperton Lane Alperton Middlesex HAO 1BX

Directors:

A Tanielian
V W Boyadjian
D Kazandjian
R Davis
R Babaian
A G Dean

D C W Rogers (chairman)

Secretary:

D I Hyams

Bankers:

National Westminster Bank Plc PO Box No 592 18 Cromwell Place

London SW7 2LB

Auditors:

Grant Thornton Registered Auditors Chartered Accountants International House 7 High Street

London W5 5DB

FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 JUNE 1995

INDEX	PAGE
Report of the directors	1 - 4
Report of the auditors	5
Principal accounting policies	6 & 7
Profit and loss account	8
Balance sheet	9
Cash flow statement	10
Notes to the financial statements	11 - 19

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the audited financial statements for the period ended 30 June 1995.

Principal activities

The company is principally engaged in the manufacturing and marketing of computers, peripherals and software.

Business review

The company enjoyed a considerable expansion in the market for its products, which are predominantly sold in the United Kingdom.

The market conditions have been difficult with selling prices continuing to fall but nevertheless the company has been able to increase its turnover.

Expectations for the current year are to continue these trends.

Results

The results for the period are set out on page 8. The profit for the period after taxation amounted to £8,333,139 (1994: £3,878,113). Retained profit for the period transferred to reserves was £4,583,139 (1994: £3,878,113).

Dividends

An interim dividend of £1,750,000 was paid on 10 April 1995 to Amstrad plc (1994 £nil). The directors recommend the payment of a final dividend of £2,000,000 (1994: £nil).

Share capital

On 1 July 1994 the entire share capital of 10,000 deferred £1 shares together with the new 10,000 ordinary \$0.01 shares issued during the period were acquired by Amstrad plc.

Directors and directors' interests

The membership of the board has remained unchanged from the previous period except that Mr A G Dean was appointed on 1 July 1994 and Mr D C W Rogers was appointed on 8 November 1994.

No director had, during or at the end of the period, a material interest in any contract which was significant in relation to the company's business.

REPORT OF THE DIRECTORS (CONTINUED)

Directors and directors' interests (continued)

The beneficial and other interests of the directors in the shares of the company as at 30 June 1995 and 31 March 1994 were as follows.

			Number of	
		deferred (previously	
		ordina	ordinary) shares	
		30 June	31 March	
		1995	1994	
A	Tanielian	_	3,300	
	W Boyadjian	-	3,300	
D	Kazandjian	-	1,400	
R	Davis	_	1,400	
R	Babaian	-	600	
A	G Dean	-	_	
D	C W Rogers	-	-	
				
		-	10,000	

The interests of Messrs A G Dean and D C W Rogers in the shares of the parent undertaking are disclosed in that company's financial statements.

Directors' and officers' liability insurance

During the period, the company has maintained insurance to protect directors and officers against any liability which would otherwise attach to them in respect of any negligence, default, breach of duty or trust in relation to the company as permitted by the Companies Act 1985.

Directors' responsibilities for the financial statements

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

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

REPORT OF THE DIRECTORS (CONTINUED)

Directors' responsibilities for the financial statements (continued)

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fixed assets

Details of movements in fixed assets of the company during the period, are disclosed in notes 8 and 9 to the financial statements.

Research and development

The company carries out research and development as part of its day to day activities in relation to its products according to the market in which it operates.

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.

Political and charitable donations

No charitable or political donations were made during the period (1994 £nil).

REPORT OF THE DIRECTORS (CONTINUED)

Auditors

Grant Thornton were appointed auditors on 1 July 1994. A resolution to reappoint them as auditors, and to authorise the directors to fix their remuneration was passed at the Annual General Meeting held on 30 August 1995.

Approved by the Board of Directors and signed by order of the Board

D I Hyams Secretary

Viglen House Alperton House Alperton Lane Alperton Middlesex HAO 1DX

8 September 1995

REPORT OF THE AUDITORS TO THE MEMBERS OF

VIGLEN LIMITED

We have audited the financial statements on pages 6 to 19 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on pages 2 and 3 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 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 the company's affairs at 30 June 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Thenton

GRANT THORNTON

REGISTERED AUDITORS

CHARTERED ACCOUNTANTS

LONDON

8 September 1995

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards in the UK and under the historical cost convention. The principal accounting policies set out below have remained unchanged from the previous period apart from the adoption of a policy with regard to warranties which have arisen for the first time in the period. The accounting policies are described below.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, excluding value added tax and trade discounts.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Leasehold improvements - over life of lease

Freehold buildings - 2% on cost Motor vehicles - 25% on cost

Fixtures and fittings - 10% - 20% on cost

Tooling is depreciated over 12 months on a straight line basis. Freehold land is not depreciated.

Following the acquisition of the company by Amstrad plc, depreciation rates have been realigned in accordance with those operated by the group.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

Research and development

Expenditure on research and development is charged to profits in the period in which it is incurred.

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

Deferred taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Warranty

Warranty revenues are released to profit in the year of sale. Provision is made in the same period for the expected future cost of providing the warranty.

PROFIT AND LOSS ACCOUNT

FOR THE 15 MONTH PERIOD ENDED 30 JUNE 1995

	Note	15 months ended 30 June 1995 £	12 months ended 31 March 1994 £
Turnover	1	114,169,726	72,001,670
Operating costs	2	(101,329,189)	(66,007,316)
Operating profit		12,840,537	5,994,354
Net interest	4	519,301	212,020
Profit on ordinary activities before taxation	1,5	13,359,838	6,206,374
Tax on profit on ordinary activities	6	(5,026,699)	(2,328,261)
Profit on ordinary activities after taxation		8,333,139	3,878,113
Dividends	7	(3,750,000)	-
Retained profit for the period	16	£4,583,139	£3,878,113

There were no recognised gains or losses other than the profit for the financial period.

The accompanying accounting policies and notes form an integral part of these financial statements.

BALANCE SHEET AT 30 JUNE 1995

No	ote		At 30 June 1995		At 31 March 1994
		£	£	£	£
Fixed assets	_		/ 005 717		2 25/ 225
Tangible assets Investments	8 9		4,825,717		3,254,205
			4,825,717		4,254,205
Current assets					
Stocks	10			9,773,030	
Debtors	11	12,321,735		10,761,473	
Cash at bank and in hand		6,968,664		3,756,040	
		34,798,615		24,290,543	
Creditors: amounts falling					
due within one year	12	(22,467,562)		(16,575,869)	
Net current assets			12,331,053		7,714,674
Total assets less current liabilities	t		17,156,770		11,968,879
Provisions for liabilitie and charges	es				
Other provisions	13		(604,752)	l	-
			£16,552,018		£11,968,879
Capital and reserves					
Called up share capital	15		10,067		10,000
Profit and loss account	16		16,541,951		11,958,879
Shareholders' funds	17		£16,552,018		£11,968,879

The financial statements were approved by the Board of Directors on 8 September 1995.

A Tanielian

Director

D Kazandjian

Director

The accompanying accounting policies and notes form an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE 15 MONTH PERIOD ENDED 30 JUNE 1995

Not cash inflow/(outflow	otes	£	15 months ended 30 June 1995 £	£	12 months ended 31 March 1994 £
from operating activities	18		8,356,075		(115,372)
Return on investments and servicing of finance					
Interest received Interest paid Dividends paid		614,154 (102,853) (1,750,000)		212,020	
Net cash (outflow)/inflo from returns on investme and servicing of finance			(1,238,699)		212,020
Taxation Corporation tax paid		(2,451,665)		(1,065,000)	
			(2,451,665)		(1,065,000)
Investing activities Purchase of tangible					
fixed assets Sale of tangible		(2,495,652)		(92,328)	
fixed assets Purchase of		42,565		7,000	
investments in other entities		-		(74,909)	
Realisation of fixed asset investment		1,000,000			
Net cash outflow from investing activities			(1,453,087)		(160,237)
Increase/(decrease) in cash and cash equivalents	19		£3,212,624	:	£(1,128,589)

The accompanying accounting policies and notes from an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 JUNE 1995

1 Turnover and profit on ordinary activities before taxation

Turnover and profit on ordinary activities before taxation are attributable to the manufacturing and marketing of computers, peripherals and software. The company operates in one class of business activity, and turnover arises predominantly in the UK.

2	Operating costs	15 months ended 30 June 1995 £	12 months ended 31 March 1994 £
,	Other operating income Changes in stocks Raw material and consumables Other external charges Staff costs Depreciation Profit on sale of fixed assets Other operating charges Exceptional items: Write down of freehold property Write down of fixed asset investment	(9,918) (5,735,186) 93,444,323 5,962,044 5,516,734 335,630 (3,745) 1,269,617 549,690	(4,323,213) 59,995,109 3,994,245 5,398,927 376,070

3 Staff costs

Staff costs during the period were as follows:

Stall costs during one person was	15 months ended 30 June 1995 £	12 months ended 31 March 1994 £
Wages and salaries Social security costs Other pension costs	5,031,209 485,525 -	4,293,528 410,400 694,999
	£5,516,734	£5,398,927

The other pension costs represent contributions paid to directors' personal pension schemes.

The average number of employees of the company during the period was 207 (1994: 162).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 15 MONTH PERIOD ENDED 30 JUNE 1995

3 Staff costs (continued)

Remuneration in respect of directors was as follows:

	15 months ended 30 June 1995 £	12 months ended 31 March 1994 £
Remuneration	£410,689	£2,283,523

The emoluments of the directors excluding pension contributions were as follows:

The chairman	£ -	£673,045
The highest paid director (The highest paid director in 1994 was the chairman)	£165,055	£673,045

The emoluments of the other directors, excluding pension contributions, fell within the following ranges:

	15 months ended 30 June 1995 Number	12 months ended 31 March 1994 Number
	1	_
£0 to £5,000	1	
£30,001 to £35,000	1	4
£40,001 to £45,000	-	1
£60,001 to £65,000	1	-
	-	1
£65,001 to £70,000	1	_
£70,001 to £75,000	1	_
£75,001 to £80,000	1	4
£160,001 to £165,000	-	7
£645,001 to £650,000	-	1
2043,001 00 2030,000		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 15 MONTH PERIOD ENDED 30 JUNE 1995

4	Net interest	15 months ended 30 June 1995 £	12 months ended 31 March 1994 £
	Interest receivable Interest payable on borrowings wholly	622,154	212,020
	repayable within five years	(102,853)	
	•	£519,301	£212,020
5	Profit on ordinary activities before taxat charging/(crediting):	ion is after 15 months ended 30 June 1995 £	12 months ended 31 March 1995 £
5	Profit on ordinary activities before taxat charging/(crediting): Depreciation Auditors remuneration: Audit services	15 months ended 30 June 1995	ended 31 March 1995

6 Tax on profit on ordinary activities

The tax charge is based on the profit for the period and represents:

	15 months ended 30 June 1995 £	12 months ended 31 March 1994 £
United Kingdom corporation tax @ 33% (1994 33%) Deferred tax (note 14)	4,839,464	2,396,143 (153,348)
	4,992,812	2,242,795
Adjustments in respect of prior year Corporation tax	33,887	85,466
	£5,026,699	£2,328,261

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 15 MONTH PERIOD ENDED 30 JUNE 1995

7 Dividends				15 months ended 30 June 1995 £	12 months ended 31 March 1994 £
Ordinary \$ £175 per s	0.01 shares - share paid 10	interim div April 1995 (idend of 1994 £nil)	1,750,000	-
	30.01 shares - of £200 per sh			2,000,000	<u>-</u>
				£3,750,000	£ -
8 Tangible	fixed assets Freehold property i	Leasehold improvements £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation At 1 April 1994 Additions Disposals Provision for permanent	4 2,419,780 2,068 -	627,638 -	1,397,112 1,756,558	288,502 109,388 (152,861)	4,105,394 2,495,652 (152,861)
diminution in value	(549,690)			-	(549,690)
At 30 June 199	5 1,872,158	627,638	3,153,670	245,029	5,898,495
Depreciation At 1 April 199 Disposals	4 64,057	-	594,172	192,960 (114,041)	851,189 (114,041)
Charged in the period	40,017	30,551	219,576	45,486	335,630
At 30 June 199	5 104,074	30,551	813,748	124,405	1,072,778
Net book amoun at 30 June 199		£597,087	£2,339,922	£120,624	£4,825,717
Net book amoun at 31 March 1994	£2,355,723	£ -	£802,940	£95,542	£3,254,205

Leasehold improvements relate to short leasehold property.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 15 MONTH PERIOD ENDED 30 JUNE 1995

8 Tangible fixed assets (continued)

As part of the acquisition of the company by Amstrad plc, the valuation of the freehold property was considered by both parties and reduced by the amount shown above.

9 Fixed asset investments

		30 June	31 March
		1995	1994
		£	£
Other fixed asset	investments	£ -	£1,000,000

The investment represents a loan to White Elephant Limited (formerly Viglen Investment Company Limited) a company controlled by five of the directors. This loan was repaid on 1 July 1994.

10 Stocks

D COCKE	30 June 1995 £	31 March 1994 £
Raw materials, consumables and bought in products	13,386,871	8,857,511
Work in progress and finished goods	2,121,345	915,519
	£15,508,216	£9,773,030

11 Debtors

Debtors	30 June 1995 £	31 March 1994 £
Trade debtors Other debtors Prepayments and accrued income ACT recoverable	11,416,407 63,009 342,319 500,000	10,348,072 232,798 180,603
	£12,321,735	£10,761,473

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 15 MONTH PERIOD ENDED 30 JUNE 1995

11 Debtors (continued)

Included in debtors are the following amounts due after more than one year

ACT recoverable	500,000	-
Deferred tax asset	· -	153,348
Staff loans	-	53,700
		
	£500,000	£207,048
		

30 June

31 March

12 Creditors: amounts falling due within one year

	1995	1994
	£	£
Payments received on account	515,837	628,909
Trade creditors	11,211,195	10,307,182
Corporation tax	4,400,796	2,416,610
ACT payable	937,500	-
Other taxes and social security costs	1,144,233	2,051,834
Dividends	2,000,000	-
Accruals and deferred income	2,258,001	1,130,903
Other creditors	-	40,431
	£22,467,562	£16,575,869

13 Provisions for liabilities and charges

Other provision at 1 April Provided during the period	1994 604,752
At 30 June 1995	£604,752

14	Deferred taxation	Amoun 30 June 1995	t provided 31 March 1994	Amount 30 June 1995	unprovided 31 March 1994
		£	£	£	£
	Accelerated capital				
	allowances	-	44,204	165,867	-
	Other timing differences	-	(197,552)	(497,698)	-
		£ -	£(153,348)	£(331,831)	£ -
		==		=======================================	==

£

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 15 MONTH PERIOD ENDED 30 JUNE 1995

15	Share capital	30 June 1995 £	31 March 1994 £
	Authorised, allotted, called up and fully paid 10,000 deferred (previously ordinary)		
	shares of £1 each	10,000	10,000
	10,000 ordinary shares of \$0.01 each	67	<u></u>
		£10,067	£10,000

Allotments during the year

10,000 ordinary shares of \$0.01 each were issued during the period. These shares were issued prior to the transfer of ownership of the company to Amstrad plc.

The existing 10,000 ordinary £1 shares were converted to deferred shares. The deferred shares do not have voting rights attached to them and are not entitled to receive a dividend.

15 months ended 30 June 1995
£
11,958,879
d 4,583,139
(67)
£16,541,951

17 Reconciliation of movements in shareholders' funds

·	15 wonths ended 30 June 1995	12 months ended 31 March 1994
	£	£
Profit for the financial period and		
net increase in shareholders' funds	4,583,139	3,878,113
Shareholders' funds at 1 April 1994	11,968,879	8,090,766
Shareholders' funds at 30 June 1995	£16,552,018	£11,968,879

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 15 MONTH PERIOD ENDED 30 JUNE 1995

10	Not sook inflor((autiliar) for a constitution	4.1. .	
18	Net cash inflow/(outflow) from operating activi	30 June 1995	31 March 1994
		£	£
	Operating profit	12,840,537	5,994,354
	Write down of freehold property	549,690	-
	Write down of fixed asset investment	-	511,911
	Depreciation	335,630	376,070
	Profit on sale of fixed assets	(3,745)	
	Increase in stocks	(5,735,186)	
	Increase in debtors		(4,067,588)
	Increase in creditors	970,007	1,395,335
	Increase in provisions	604,752	-
	Net cash inflow/(outflow) from		
	continuing operating activities	£8,356,075	£(115,372)
		30 June 1995 £	31 March 1994 £
	At 1 April 1994	3,756,040	4,884,629
	Net cash inflow/(outflow)	3,212,624	(1,128,589)
	At 30 June 1995	£6,968,664	£3,756,040
20	Analysis of cash and cash equivalents		
	Cash and cash equivalents comprise:		
	30 June 31 March 31 March	Change in period to 30 June	Change in period to 31 March
	1995 1994 1993 £ £ £	1995 £	1994 £

Cash at bank and in hand 6,968,664 3,826,212 4,884,629 3,142,452 (1,058,417)
Bank overdraft - (70,172) - 70,172 (70,172)

£6,968,664 £3,756,040 £4,884,629 £3,212,624 £(1,128,589)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 15 MONTH PERIOD ENDED 30 JUNE 1995

21	Capital commitments	1995 £	1994 £
	Authorised but not contracted for Contracted for but not provided in the financial statements	175,000	-
		100,000	
		£275,000	£

22 Contingent liabilities

At 30 June 1995 the company had forward foreign exchange contracts with a sterling equivalent of £1,258,178 outstanding.

There were no other contingent liabilities at 30 June 1995 or 31 March 1994, except as disclosed in note 14.

23 Leasing commitments

At 30 June 1995 the company had an annual operating lease commitment of £311,400 (1994 £124,000). The operating leases to which these amounts relate expire as follows:

	1995 Land and buildings £	1994 Land and buildings £
In one year or less Between one and five years	3,000 308,400	76,000 48,000
	£311,400	£124,000

24 Ultimate parent undertaking

The directors consider that the ultimate parent undertaking of this company is Amstrad plc, which is registered in England and Wales.

The largest group of undertakings for which group accounts have been drawn up is that headed by Amstrad plc. Copies of the group accounts are available from Amstrad plc, Brentwood House, 169 Kings Road, Brentwood, Essex, CM14 4EF.