

VIDEOLOGIC LIMITED

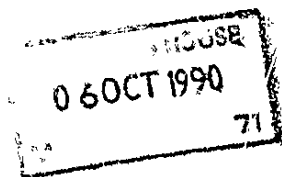
1306335

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1990

CONTENTS

	Page
Report of the Directors	2
Report of the Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Source and Application of Funds	7
Notes to the Accounts	8

Registered in England No. 1306335



VIDEOLOGIC LIMITED

REPORT OF THE DIRECTORS

Directors

D.A.E. Maclaren
W.H. Fulton
R.M. Livesley
A.E. Maclaren
C.A. Maxwell
R.A. Murray
T.R. Stockill
M.C. Walsh

The Directors have pleasure in presenting their Report and the Audited Accounts for the year ended 31st March 1990.

Principal Activities and Review of the Business

The Company's principal activity, which has remained unchanged during the year, was that of design and supply of interactive video equipment. Turnover increased to £5,250,000 and the Directors believe that this trend will continue.

The Directors are confident that the Company will continue to trade profitably and that the Company is well placed to expand in the future.

Results and Dividends

The results for the year are shown on page 5. The Directors do not recommend the payment of any dividend for the year.

Directors and their Interests

The names of the present Directors are stated above except that Mr. Murray's full name is R.A. Murray-Obodynaki, however he is referred to in this document by the name under which he is generally known in the industry. G.N. Tughan and N.J. Tughan resigned as Directors on 6th December 1989, the other Directors served continuously throughout the year.

R.A. Murray, W.H. Fulton and C.A. Maxwell are Directors of Avesco plc, this Company's holding company, and therefore have no interests requiring disclosure. The other Directors have no interest in the shares of the Company.

Research and Development

The Company will continue to support Research and Development activities to retain its technological advantage and competitive position in the market.

VIDEOLCIC LIMITED

REPORT OF THE DIRECTORS

Charitable Donations

During the year the Company made contributions of £573.

Auditors

A resolution to re-appoint Neville Russell as Auditors of the Company will be proposed at the forthcoming Annual General Meeting.

Registered Office:
Verney House,
Dennis Road,
Cheshamington,
Surrey, KT9 1TT

BY ORDER OF THE BOARD

N.S. Conn


N.S. Conn
Secretary

REPORT OF THE AUDITORS TO THE MEMBERS OF

VIDEOLOGIC LIMITED

We have audited the financial statements set out on pages 5 to 15 in accordance with Auditing Standards.

In our opinion these financial statements give a true and fair view of the state of affairs of the Company at 31st March 1990 and of the profit and source and application of funds of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Neville Russell
Chartered Accountants
London

25th June 1990

VIDEOLOGIC LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1990

	Note	1990 £'000	1989 £'000
Turnover	2	5,250	1,385
Cost of Sales		2,283	869
Gross Profit		2,967	516
Cost of Distribution		36	11
Administrative Expenses		1,704	928
		1,740	939
		1,227	(423)
Interest Receivable and Similar Income		21	1
Interest Payable and Similar Charges	6	236	22
		215	21
Profit/(Loss) on Ordinary Activities before Taxation		1,012	(444)
Taxation	7	250	54
Profit/(Loss) for the Year		762	(390)
Retained Profit/(Deficit) Brought Forward		(289)	101
Retained Profit/(Deficit) Carried Forward		473	(289)

VIDEOLOGIC LIMITED

BALANCE SHEET

31ST MARCH 1990

	Note	1990 £'000	1989 £'000
<u>Fixed Assets</u>			
Tangible Assets	8	952	316
Intangible Assets	9	9	-
Investments	10	30	-
		-----	-----
		991	316
<u>Current Assets</u>			
Stocks	11	1,652	160
Debtors	12	2,061	594
Cash at Bank and in Hand		62	1
		-----	-----
		3,775	755
<u>Creditors: Amounts falling due within one year</u>	13	4,173	1,010
		-----	-----
<u>Net Current Liabilities</u>		398	255
		-----	-----
<u>Total Assets less Current Liabilities</u>		593	61
		-----	-----
<u>Creditors: Amounts falling due after more than one year</u>	14	-	250
<u>Provision for Liabilities and Charges</u>	15	20	-
		-----	-----
		20	250
<u>Capital and Reserves</u>			
Called Up Share Capital	16	100	100
Profit and Loss Account		473	(289)
		-----	-----
		573	(189)
		-----	-----
		593	61
		-----	-----

ON BEHALF OF THE BOARD

A.E. Maclaren

Anthony Collins

Directors

25th June 1990

M.C. Walsh

M.C. Walsh

VIDEOLOGIC LIMITED

SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31ST MARCH 1990

	1990		1989
	£'000	£'000	£'000
<u>Source of Funds</u>			
Funds generated from operations:			
Profit on Ordinary Activities before Taxation		1,012	(444)
Adjustments for items not involving the movement of funds:			
Depreciation		186	69
(Profit)/Loss on Disposal of Fixed Assets		(8)	(4)
		-----	-----
		1,190	(379)
<u>Funds from other Sources</u>			
Proceeds of Sale of Tangible Assets		20	22
		-----	-----
		1,210	(357)
<u>Application of Funds</u>			
Purchase of Fixed Assets	843		86
Investment in Subsidiary	30		-
Taxation Paid	17		-
	-----		-----
		890	86
<u>Net Source/(Application) of Funds</u>		-----	-----
		320	(443)
<u>Increase/(Decrease) in Working Capital</u>			
Represented by movement in:			
Stock		1,492	(64)
Debtors		974	107
Creditors		(1,004)	(483)
Group Balances		(1,158)	83
		-----	-----
		204	(357)
<u>Net Liquid Funds:</u>			
Cash at Bank and in Hand	61		(31)
Bank Overdraft	55		(55)
	-----		-----
		116	(86)
		-----	-----
		320	(443)
		-----	-----

VIDEOLOGIC LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1990 continued

(h) Deferred Taxation

Provision is made for deferred taxation using the liability method on all timing differences, except for those which are not expected to reverse in the foreseeable future.

(i) Foreign Exchange

Transactions undertaken in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Balances outstanding at the year end are translated at the exchange rates ruling at the Balance Sheet date.

	1990 £'000	1989 £'000
2. <u>Turnover</u>		
Geographical Analysis:		
United Kingdom	2,260	994
Rest of Europe	2,195	287
USA	527	47
Rest of the World	268	57
	-----	-----
	5,250	1,385
	=====	=====

3. Profit on Ordinary Activities before Taxation

The Profit is stated after charging:		
(Profit)/Loss on Disposal of Fixed Assets	(8)	(5)
Depreciation of Tangible Fixed Assets	186	69
Directors' Emoluments (Note 4)	240	103
Auditors' Remuneration	9	8
Hire of Plant and Equipment	5	23
Exceptional Costs of Abortive Fund Raising	(20)	42
	-----	-----

VIDEOLOGIC LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1990 continued

	1990 £'000	1989 £'000
4. <u>Directors' Emoluments</u>		
The emoluments of the individual Directors, excluding pension contributions, amounted to:		
Chairman	25	4
Highest Paid Director	54	25
	-----	-----
Compensation for loss of office paid to a former Director	15	-
	-----	-----
	Number	Number
The number of other Directors, who received emoluments, excluding pension contributions, in the following ranges were:		
£ Nil - £ 5,000	4	7
£10,001 - £15,000	-	1
£15,001 - £20,000	-	3
£25,001 - £30,000	2	-
£30,001 - £35,000	2	-
	-----	-----
5. <u>Staff Numbers and Cost</u>		
The average number of persons employed by the Company (including Directors) was:		
Research and Development	9	6
Production	5	4
Administration	21	20
Marketing	11	10
	--	--
	46	40
	-----	-----
	£'000	£'000
The aggregate payroll cost of these persons were:		
Wages and Salaries	939	359
Social Security Costs	89	37
Other Pension Costs	1	-
	-----	-----
	1,029	396
	-----	-----

VIDEOLOGIC LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1990 continued

	1990 £'000	1989 £'000		
6. <u>Interest Payable and Similar Charges</u>				
On Bank Overdraft and Loans repayable within five years	236	22		
	-----	-----		
7. <u>Taxation</u>				
Taxation based on Profit for the year:	-	(17)		
Tax Recoverable from previous year	230	(37)		
Group Relief	20	-		
Deferred Tax (Note 15)	-----	-----		
	250	(54)		
	-----	-----		
8. <u>Tangible Assets</u>				
	Leasehold Improvements £'000	Plant and Equipment Owned £'000	Motor Vehicles £'000	Total £'000
Cost:				
At 1st April	28	475	45	548
Additions	39	652	143	834
Disposals	-	(9)	(39)	(48)
Transfers to Group Companies	-	-	-	-
	-----	-----	-----	-----
At 31st March 1990	67	1,118	149	1,334
	-----	-----	-----	-----
Depreciation:				
At 1st April 1989	28	175	29	232
Charge for the year	2	163	21	186
Disposals	-	(6)	(30)	(36)
Transfers to Group Companies	-	-	-	-
	-----	-----	-----	-----
At 31st March 1990	30	332	20	382
	-----	-----	-----	-----
NET BOOK VALUES				
At 31st March 1990	37	786	129	952
	-----	-----	-----	-----
At 31st March 1989	-	300	16	316
	-----	-----	-----	-----

VIDEOLOGIC LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1990 continued

9. Intangible Assets

Patents
1990
£'000

Cost:	
Additions	9

At 31st March 1990	9

NET BOOK VALUES

At 31st March 1990	9

	£'000

10. Investment

Additions	30

At 31st March 1990	30

The Company owns the entire issued Share Capital of the following Company:

	<u>Registered in</u>	<u>Nature of Activities</u>	1990 £'000	1989 £'000
VideoLogic Inc.	U.S.A.	Supply of interactive video equipment		

11. Stocks

Raw Materials	634	-
Work in Progress	517	-
Finished Goods	501	160
	-----	-----
	1,652	160
	-----	-----

VIDEOLOGIC LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1990 continued

	1990 £'000	1989 £'000
12. <u>Debtors</u>		
Amounts due within one year:		
Trade Debtors	1,166	448
Amounts owed by Group Companies	583	31
Other Debtors	205	45
Prepayments and Accrued Income	107	11
	-----	-----
	2,061	535
Amounts falling due after more than one year:		
Amounts owed by Group Companies	-	59
	-----	-----
	2,061	594
	=====	=====
13. <u>Creditors</u> : Amounts falling due within one year:		
Bank Overdrafts	-	55
Trade Creditors	1,496	302
Amounts owed to Group Companies (secured)	2,499	368
Taxation and Social Security	30	43
Other Creditors	6	135
Accruals and Deferred Income	142	107
	-----	-----
	4,173	1,010
	=====	=====
Amounts owed to Avesco Finance Limited are secured by unlimited debentures over the Company's assets.		
14. <u>Creditors</u> : Amounts falling due after more than one year:		
Amounts owed to Group Companies	-	250
	=====	=====

VIDEOLOGIC LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1990 continued

15. Provision for Liabilities and Charges

	Deferred Taxation £'000
(a) Transfer from/to Profit and Loss Account	20

At 31st March 1990	20

(b) Deferred Taxation	
	Full Provision 1990 £'000
Analysis of Provisions and Potential Liability	
Excess of Capital Allowances over Depreciation	20

	20

16. Share Capital

	1990 and 1989 £'000
Authorised, Allotted, Called Up and Fully Paid: 100,000 Ordinary Shares of £1 each	100

VIDEOLOGIC LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1990 continued

17. Financial Commitments

		<u>Land and Buildings</u>		<u>Plant and Equipment</u>	
		1990	1989	1990	1989
		£'000	£'000	£'000	£'000
(a)	<u>Operating Leases</u>				
The annual commitment under non-cancellable leases was:					
Expiring within one year		-	-	36	-
Expiring within two to five years		200	-	17	53
				1990	1989
				£'000	£'000
(b)	<u>Capital Commitments Contracted</u>			-	12

18. Pension Commitments

The Avesco Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions paid by the company to the fund.

19. Contingent Liabilities

Bank guarantees for carnets amounting to £15,000.

20. Ultimate Holding Company

The Directors regard Avesco plc, which is incorporated in the United Kingdom, as the Company's ultimate holding company.