

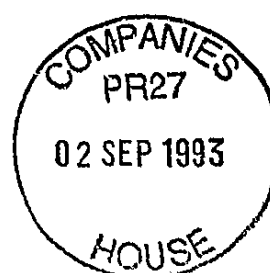
VIDEOLOGIC LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1993

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Registered in England No. 1306335



VIDEOLOGIC LIMITED

REPORT OF THE DIRECTORS

Directors

D.A.E. Maclaren  
R.M. Livesley  
A.E. Maclaren  
C.A. Maxwell  
R.A. Murray

J. Pepper  
M.C. Walsh  
T. Wing  
M.H. Yassaie

The Directors have pleasure in presenting their Report and the Audited Accounts for the year ended 31st March 1993.

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 multimedia enabling equipment. Turnover increased to £9,728,000. Fixed Asset additions are shown in note 8 to the Accounts.

The Directors are confident that the Company will return to profitability and that the Company is well placed to expand in the future.

Results and Dividends

The results for the year are shown on page 4. The Directors do not recommend payment of a dividend for the year ended 31st March 1993 (1992: nil).

Future Developments

It is the intention of the Directors to exploit opportunities as they may arise by the development of existing and new market areas.

Share Capital

On 31st March 1993 the Authorised Share Capital was increased by £4,000,000 Cumulative Redeemable Preference Shares carrying a coupon of 5% all of which were issued for cash at par on 31st March 1993 to provide additional working capital.

Directors and their Interests

The names of the present Directors are stated above except that Mr. Murray's full name is R.A. Murray-Obodyski, however he is referred to in this document by the name under which he is generally known in the industry. Mr M.H. Yassaie was appointed a director on 26th March 1993. The other Directors served continuously throughout the year.

R.A. Murray and C.A. Maxwell are Directors of Avesco plc, this Company's holding company, and therefore have no interests requiring disclosure.

Research and Development

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

Registered Office:

Venture House,  
Davis Road,  
Chessington,  
Surrey, KT9 1TT

BY ORDER OF THE BOARD



N.S. Conn  
Secretary

REPORT OF THE AUDITORS, KPMG PEAT MARWICK, TO THE MEMBERS OF

VIDEOLOGIC LIMITED

We have audited the financial statements on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31st March 1993 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Peat Marwick*

KPMG Peat Marwick  
Chartered Accountants  
Registered Auditors

Guildford  
25 June 1993

VIDEOLOGIC LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1993

	Note	1993 £'000	1992 £'000
Turnover	2	9,728	6,981
Cost of Sales		5,945	4,398
Gross Profit		3,783	2,583
Distribution Costs	95		170
Administrative Expenses:			
- Research and Development		1,897	1,586
- Sales and Administration		1,938	1,329
		3,930	3,085
		(147)	(502)
Interest Receivable and Similar Income	1		2
Interest Payable and Similar Charges	6	766	372
		765	370
Loss on Ordinary Activities	3	912	872
(Deficit)/Retained Profit Brought Forward		(211)	661
Deficit Carried Forward		1,123	211

VIDEOLOGIC LIMITED

BALANCE SHEET

31ST MARCH 1993

	Note	1993		1992	
		£'000	£'000	£'000	£'000
<u>Fixed Assets</u>					
Intangible Assets	7		160		132
Tangible Assets	8		2,067		2,054
Investments	9		1,658		30
			-----		-----
			3,885		2,216
<u>Current Assets</u>					
Stocks	10	1,195		1,867	
Debtors	11	3,837		3,471	
Cash at Bank and in Hand		1		247	
			-----		-----
			5,033		5,585
<u>Creditors: Amounts falling due within one year</u>	12	5,903		7,798	
			-----		-----
<u>Net Current Liabilities</u>			870		2,213
			-----		-----
<u>Total Assets less Current Liabilities</u>			3,015		3
			=====		=====
<u>Creditors: Amounts falling due after more than one year:</u>					
Leases and Hire Purchase	13		38		114
<u>Capital and Reserves</u>					
Called Up Share Capital	14	4,100		100	
Profit and Loss Account - Deficit		1,123		211	
			-----		-----
			2,977		(111)
			-----		-----
			3,015		3
			=====		=====

The Financial Statements were approved by the Board on *25th June* 1993 and were signed on its behalf by

C.A. Maxwell

Director

**VIDEOLOGIC LIMITED**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31ST MARCH 1993**

**Accounting Policies**

**(a) Basis of Accounting**

The Accounts have been prepared in accordance with applicable accounting standards under the historical cost convention. The results of the subsidiary have not been consolidated as the Company is a subsidiary of Avesco plc.

The Directors believe that it is more appropriate to identify separately in the Profit and Loss account research and development expenditure written off, previously included in cost of sales, because it reflects an investment for the future and is not directly attributable to sales made in the year. Accordingly, the comparative figures have been restated.

**(b) Turnover**

Turnover represents the net value of goods sold and services provided by the Company excluding Value Added Tax.

**(c) Depreciation**

Tangible fixed assets are depreciated to write down their cost to their estimated residual values over the period of their estimated useful economic lives. Periodic reviews are made of estimated remaining useful economic lives and residual values, and the rates currently being applied are:

Short Leases  
Plant and Equipment  
Computer Software  
Motor Vehicles

Equally over the period of the Lease  
20% to 33.33% on cost  
33.33% on Cost  
20% on cost

**(d) Research and Development Costs**

Costs of basic and applied research and product development expenditure are written off in the period in which they are incurred. Research and Development expenditure relating to software and test equipment is capitalised in fixed assets.

**(e) Intellectual Property Rights and Patents**

Trade Marks and Patents are capitalised at cost of acquisition and protection including attributable overheads and depreciated over the anticipated period of profitable exploitation.

**(f) Software**

Computer Software is capitalised at cost of acquisition or production including attributable overheads and depreciated over the anticipated period of profitable exploitation.

**(g) Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value. Work in progress and finished goods include direct costs and attributable overheads based on the normal level of activity.

VIDEOLOGIC LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993 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.

(j) Government Grants

Grants are taken to turnover in the period when the relevant expenditure was incurred.

(k) Leased Assets

Assets obtained under finance leases are included in the balance sheet at cost less depreciation and the present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding. Rentals payable under operating leases are charged to the profit and loss account as incurred.

	1993 £'000	1992 £'000
2. <u>Turnover</u>		
Geographical Analysis:		
United Kingdom	2,817	1,427
Rest of Europe	2,556	2,463
USA	3,552	2,638
Rest of the World	803	453
	-----	-----
	9,728	6,981
	=====	=====

3. Loss on Ordinary Activities before Taxation

The Loss is stated after charging:		
Depreciation and Amortisation of Fixed Assets	905	625
Loss on Disposal of Fixed Assets	-	2
Auditors' Remuneration - Audit Fees	10	11
Auditors' Remuneration - Other	8	-
Directors' Emoluments (Note 4)	327	332
Government Grants Received	(612)	(501)
Hire of Plant and Equipment	7	2
Other Operating Leases	211	200
	=====	=====

# VIDEOLOGIC LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993 continued

	1993 £'000	1992 £'000
<b>4. <u>Directors' Emoluments</u></b>		
The emoluments of the individual Directors, excluding pension contributions, amounted to:		
Chairman	40	40
Highest Paid Director	85	64
	=====	=====
Compensation for loss of office paid to a former Director	-	10
	=====	=====
	Number	Number
The number of Directors who received emoluments, excluding pension contributions, in the following ranges were:		
£ Nil - £ 5,000	3	3
£25,001 - £30,000	-	1
£35,001 - £40,000	-	1
£40,001 - £45,000	2	2
£45,001 - £50,000	1	-
£50,001 - £55,000	1	1
£55,001 - £60,000	1	1
£60,001 - £65,000	-	1
£85,001 - £90,000	1	-
	==	==
<b>5. <u>Staff Numbers and Cost</u></b>		
The average number of persons employed by the Company (including Directors) was:		
Research and Development	31	12
Production	14	9
Administration	27	38
Marketing	23	14
	--	--
	95	73
	==	==
	£'000	£'000
The aggregate payroll cost of these persons were:		
Wages and Salaries	2,209	1,542
Social Security Costs	222	157
Other Pension Costs	21	14
	-----	-----
	2,452	1,713
	=====	=====



VIDEOLOGIC LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993 continued

	1993 £'000	1992 £'000
6. <u>Interest Payable and Similar Charges</u>		
On Group Loans repayable within five years	660	453
On Bank Overdraft and Other Loans repayable within five years	15	40
Exchange Loss/(Gain) on Foreign Currency Borrowings	71	(128)
Finance charges on Finance Lease	20	7
	-----	-----
	766	372
	=====	=====

7. Intangible Assets

	Patents £'000
Cost:	
At 1st April 1992	146
Additions	63
	-----
At 31st March 1993	209
	=====
Amortisation:	
At 1st April 1992	14
Charge for the year	35
	-----
At 31st March 1993	49
	=====
NET BOOK VALUES	
At 31st March 1993	160
	=====
At 31st March 1992	132
	=====

VIDEOLOGIC LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993 continued

8. Tangible Assets

	Leasehold Improvements £'000	Plant and Equipment Leased Owned £'000 £'000	Software Programs £'000	Motor Cars £'000	Total £'000
Cost:					
At 1st April 1992	72	212 1,408	1,278	338	3,308
Additions		473	376	34	883
	-----	-----	-----	-----	-----
At 31st March 1993	72	212 1,881	1,654	372	4,191
	=====	=====	=====	=====	=====
Depreciation:					
At 1st April 1992	33	18 713	368	122	1,254
Charge for the year	2	69 322	413	64	870
	-----	-----	-----	-----	-----
At 31st March 1993	35	87 1,035	781	186	2,124
	=====	=====	=====	=====	=====
NET BOOK VALUES					
AT 31st March 1993	37	125 846	873	186	2,067
	=====	=====	=====	=====	=====
At 31st March 1992	39	194 695	910	216	2,054
	=====	=====	=====	=====	=====
					£'000

9. Investments

Shares in Subsidiary Company	
Cost:	
At 1st April 1992	30
Additions	1,628
	-----
At 31st March 1993	1,658
	=====

The Company owns the entire issued Common Stock of the following Company:

Incorporated in Nature of Activities

VideoLogic Inc.	U.S.A.	Supply of multimedia enabling equipment
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VIDEOLOGIC LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993 continued

	1993 £'000	1992 £'000
10. <u>Stocks</u>		
Raw Materials	-	533
Work in Progress	213	284
Finished Goods	982	1,050
	-----	-----
	1,195	1,867
	=====	=====
11. <u>Debtors</u>		
Amounts due within one year:		
Trade Debtors	1,103	905
Amounts owed by Subsidiary	1,786	2,118
Other Debtors	288	218
Prepayments and Accrued Income	660	230
	-----	-----
	3,837	3,471
	=====	=====
12. <u>Creditors: Amounts falling due within one year:</u>		
Bank Overdrafts	1,380	18
Trade Creditors	1,263	1,116
Amounts owed to Group Companies	2,860	6,334
Taxation and Social Security	75	78
Other Creditors	93	99
Accruals and Deferred Income	232	153
	-----	-----
	5,903	7,798
	=====	=====

Amounts of £2,856,000 (1992:£6,104,000) owed to Avesco Finance Limited are secured by unlimited debentures over the Company's assets.

13. <u>Leases and Hire Purchase</u>		
	1993 £'000	1992 £'000
Finance Leases:		
Repayable within one year	74	64
Between one and two years	38	73
Between two and five years	-	41
	-----	-----
	112	178
	=====	=====

# VIDEOLOGIC LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993 continued

### 14. Share Capital

	1993 £'000	1992 £'000
Authorised, Allotted, Called Up and Fully Paid:		
100,000 Ordinary Shares of £1 each	100	100
4,000,000 5% Cumulative Preference Shares Redeemable at any time at par at the option of either party.	4,000	-
	-----	-----
	4,100	100
	=====	=====

### 15. Financial Commitments

	Land & Buildings		Plant & Equipment	
	1993	1992	1993	1992
	£'000	£'000	£'000	£'000
(a) Operating Leases				
Annual Commitments under Operating Leases at 31st March 1993 were:				
Operating Leases which expire:				
Within one year	-	-	2	1
Over five years	200	200	-	-
	=====	=====	=====	=====
			1993	1992
			£'000	£'000
(b) Capital Commitments Contracted			-	4
			=====	=====

### 16. 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 (an amount of £6,330.21 was unpaid at 31st March 1992).

17. The number of shares in Avesco plc in which the Directors had a beneficial interest requiring disclosure as defined by the Companies Act 1985 were as follows:

	31st March 1993		1st April 1992 or on appointment	
	Ordinary Shares	Options to Subscribe for Ordinary Shares	Ordinary Shares	Options to Subscribe for Ordinary Shares
D.A.E. Maclaren	292,569	-	292,569	-
R.M. Livesly	88,611	10,000	88,611	-
A.E. Maclaren	424,993	100,000	424,993	-
J. Pepper	28,763	15,000	-	10,000
M.C. Walsh	-	15,000	-	10,000
T. Wing	-	35,000	-	30,000
M.H. Yassale	-	50,000	-	50,000

VIDEOLOGIC LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993 continued

18. Ultimate Holding Company

The Directors regard Avesco plc, which is registered in England, as the Company's ultimate holding company.