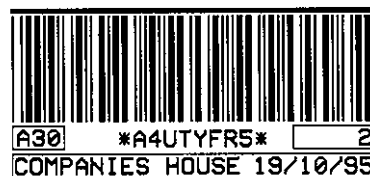


Betacom Plc
Annual Report
& Accounts
1995

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Directors	Norman Becker BA Paul Jacobs BSC(Econ) ACA Philip Thorndyke Albert Burns David Rogers BSC, MBA	Chairman and chief executive Finance director Sales director Operations and product director Non-executive
Company secretary and registered office	Paul Jacobs, Unit 1, Ponders End Industrial Estate, Duck Lees Lane, Enfield, Middlesex EN3 7TQ	
Stockbrokers	Beeson Gregory Limited, The Registry, Royal Mint Court, London EC3N 4EY	
Registered auditors	Touche Ross & Co., Chartered Accountants, Hill House, 1 Little New Street, London EC4A 3TR	
Solicitors	Travers Smith Braithwaite, 10 Snow Hill, London EC1A 3TR	
Bankers	Lloyds Bank Plc, City Office, 72 Lombard Street, London EC3P 3BT	
Registrar and transfer office	Independent Registrars Group Limited, Broseley House, Newlands Drive, Witham, Essex CM8 2UL	
Company number	Registered in England and Wales No. 955321	

Dear shareholder,

Results for the year

Sales for the 12 months to 30th June, 1995 were £16.3 million compared with £13.5 million in the 12 months to 30th June, 1994. Operating profit was £237,000 compared with £138,000, which included an exceptional profit of £199,000 on the loan recovery from the Employee Share Option Plan, the previous year. The accounts show a profit before tax of £433,000 compared with a profit of £203,000 in the 12 months to 30th June, 1994. The Board does not recommend a dividend payment for the year ended 30th June, 1995 (1994: nil).

We have continued our policy of managing stock levels carefully and trade debtors strictly. As a result, we were able to increase the Company's cash reserves from £3.4 million at 30th June, 1994 to £4.1 million at 30th June, 1995.

Trading

It is particularly pleasing to report the growth in turnover which resulted largely from the successful completion of the contract with the Zimbabwean PTT (£2.4 million) and the commencement of business in Germany through our distribution agreement with Amstrad GmbH (£2.1 million). Indeed, the development of our export business has been crucial in improving our profitability at a time when the home market has become increasingly difficult and more competitive. We aim to continue to build our export business and have recently entered into a distribution agreement with Amstrad International SA to provide a range of corded and cordless telephone products in France.

We have continued to concentrate our efforts on developing and extending our product range for both the UK and Europe, as detailed in my interim statement. During the year, we introduced a host of new products in the UK, as well as designing seven products to German specification. Recent product launches included the uniquely styled Horizon range of telephones, the first telephone with outgoing message facility (the Announce) and the City range comprising three products with feature sets specifically designed for the UK business market. Additionally, in line with our policy of adding product categories which have synergy with our current business, in March 1995 we agreed with Voice It Worldwide Inc. USA to become its exclusive distributor in the UK for a range of personal message products the first of which, 'Voice It', was introduced in May 1995.

We have not experienced any supply difficulties with established products during the year. However, our principal supplier has found difficulty in dealing with the scale of our new product programme which resulted in delays and some loss of business both in Germany and the UK. For the future, we have introduced two new suppliers and the burden of the new product introductions will be more evenly spread.

In response to a complaint from ourselves and other members of the UK telecoms industry submitted in March 1994, Ofel on 22nd September, 1995 directed BT to cease unfair subsidies of its telephone equipment supply business. It is regrettable that Ofel took so long to issue a direction to BT particularly during a period when the retail pricing of BT cordless 'phones reduced even further, leaving little opportunity for its competitors to operate profitably in this growing and important sector.

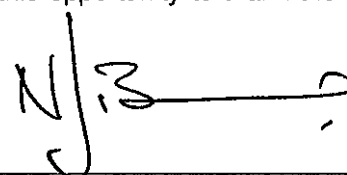
Outlook

We will continue to develop our European business and look for other overseas opportunities in an attempt to maintain the level of export turnover achieved last year. We believe that the new distribution arrangements in France will generate a significant level of turnover, but the contribution in the next financial year will be small as trading is not scheduled to start until the last quarter of the year.

In the UK we expect market conditions to remain difficult at least until Christmas. However, we are hopeful that the Ofel direction to BT will allow more normal market conditions to prevail giving us more sales opportunities, particularly in the cordless area where we intend to strengthen our product offering.

This has been a successful year for the Company with significant growth in both sales and profitability. The success was attributable to the hard work and determination of all our management and staff. On behalf of the Board, I should like to take this opportunity to thank them for their efforts.

Norman Becker
Chairman



Following the retirement of Mr. K. Ashcroft in January 1995, the roles of Chairman and Chief Executive were combined and assumed by Mr. N. Becker. At that time Mr. D. Rogers, Chief Executive Officer of Amstrad plc, was appointed non-executive director of the Company. The directors believe that the Company's scale and resources are not sufficient at this time to justify the recruitment of an independent non-executive director who would be able to assume the role of Chairman.

As the Company has only one non-executive director, 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. The Board has two sub-committees, an audit committee and a remuneration committee, both of which comprise the Chairman and the non-executive director.

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 financial 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 internal 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 systems;
- 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 review included consideration of a report dealing with major business risks and the control environment in the Company.

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.

NOTICE IS HEREBY GIVEN that the seventh annual general meeting of the Company will be held at Unit 1, Ponders End Industrial Estate, Duck Lees Lane, Enfield, Middlesex EN3 7TQ on 3rd November, 1995 at 11.00 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, 1995 and the reports of the directors and auditors thereon.
2. To re-appoint Touche Ross & Co. 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 resolution numbered 3 will be proposed as an ordinary resolution and resolution numbered 4 will be proposed as a special resolution:

3. That the directors be and are 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 £2,152,018 on and subject to such terms as the directors shall determine provided that this authority shall expire on the date of the next annual general meeting of the Company after the 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.
4. 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 that Act) pursuant to the authority referred to in resolution 3 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 as aforesaid in connection with a rights issue, where it is, in the opinion of the directors, reasonably necessary or expedient to allot equity securities (as aforesaid) otherwise than in accordance with section 89(1) of the Companies Act 1985 for the purpose of dealing with fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any recognised regulatory body 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 of £330,000

provided that the authority hereby conferred shall expire on the date 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.

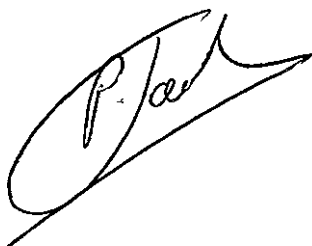
Notes:

1. A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend and, on a poll, to vote in his/her place. A proxy need not be a member of the Company.
2. To be valid, an instrument of proxy and any power of attorney under which it is signed (or a notarially certified copy thereof) must (failing previous registration with the Company) be lodged with the Company's registrars, Independent Registrars Group Limited, Broseley House, Newlands Drive, Witham, Essex CM8 2UL at least 48 hours before the time appointed for holding the meeting.
3. Completion and return of a proxy does not preclude a member from subsequently attending and voting in person at the annual general meeting.
4. There will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays and public holidays excluded) from the date of this notice until the date of the annual general meeting, the register of directors' interests in the capital of the Company together with copies of all service contracts between the directors and the Company.

Dated 2nd October, 1995

By order of the Board

Paul Jacobs
Secretary



Registered office:
Unit 1
Ponders End Industrial Estate
Duck Lees Lane
Enfield
Middlesex
EN3 7TQ

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 30th June, 1995.

Principal activities

The principal activities of the Group are the design, development, marketing and distribution of telecommunication 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 £433,000 (1994: £203,000) and has been transferred to reserves. Tax payable for the year was £35,000 (1994: nil). Full details are set out in the consolidated profit and loss account on page 10 of these financial statements.

The directors do not recommend the payment of a dividend (1994: 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 3 to the financial statements.

Share capital

Details of issued share capital are given in note 16 to the financial statements.

Directors and their interests

The directors of the Company who held office during the year and their interests in the share capital of the Company at 30th June, 1995 were as follows:

	Ordinary shares of 10p each		Options over ordinary shares of 10p each	
	30th June, 1995 (or date of resignation)	1st July, 1994 (or date of appointment)	30th June, 1995 (or date of resignation)	1st July, 1994 (or date of appointment)
K. Ashcroft (resigned 1st January, 1995)	—	—	—	—
N. J. Becker	—	—	750,000	750,000
P. L. A. Jacobs	10,000	10,000	330,000	330,000
P. R. Thorndyke	5,600	5,600	330,000	330,000
A. T. Burns (appointed 31st October, 1994)	—	—	48,000	—
D. C. W. Rogers (appointed 1st January, 1995)	—	—	—	—

There were no changes in directors' interests during the period from 30th June, 1995 to 25th September, 1995. All the directors' interests referred to above are beneficially held.

Mr. Rogers is currently chief executive of Amstrad plc, the Company's ultimate parent company, and prior to that he was chief executive officer of Philips Advanced Communication Enterprises N.V. Mr. Rogers has notified the Company that he has been granted options over 300,000 25p ordinary shares in Amstrad plc exercisable at 137.5p between 27th October, 1997 and 27th October, 2001.

Mr. Becker, Mr. Jacobs, Mr. Thorndyke and Mr. Burns have continuous service contracts subject to 12 months' notice.

All employees of the Company, including executive directors, are potential beneficiaries of the 1988 Executive Share Option Scheme. The granting of these 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 will be paid for the grant of an option. During the year, 48,000 options were granted to Mr. Burns.

The Company has maintained insurance for its directors and officers against liabilities in relation to the Company.

The Company has not been informed of any contract during the period in which any director of the Company had a material interest.

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, 1995 or at 25th September, 1995, save as disclosed below:

	30th June, 1995		25th September, 1995	
	Ordinary shares of 10p each	Percentage of share capital	Ordinary shares of 10p each	Percentage of share capital
Amstrad plc	44,073,109	66.17%	44,073,109	66.17%
Binatone Holdings Limited*	5,278,247	7.92%	5,278,247	7.92%
Binatone International Holdings Limited*	485,000	0.73%	485,000	0.73%
Mr. Gulu Lalvani*	100,000	0.15%	100,000	0.15%

*under common control

Fixed assets

Changes in fixed assets during the year are set out in notes 9 and 10 to the financial statements.

Close company status

The Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint Touche Ross & Co. as auditors of the Company will be put to the annual general meeting.

By order of the Board

Paul Jacobs
Secretary

2nd October, 1995



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 the Group and of the profit or loss of 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.

We have audited the financial statements on pages 10 to 21, which have been prepared under the accounting policies set out on page 14.

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, 1995 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co.

Touche Ross & Co.

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

2nd October, 1995

Consolidated profit and loss account

/// Betacom

		Year ended 30th June, 1995 £'000	Year ended 30th June, 1994 £'000
	Note		
Turnover from continuing operations	2	16,334	13,524
Cost of sales		(13,682)	(11,356)
Gross profit		2,652	2,168
Distribution costs		(939)	(867)
Administrative expenses		(1,476)	(1,163)
Net operating expenses		(2,415)	(2,030)
Operating profit from continuing operations	3	237	138
Profit/(loss) on sale of fixed assets		64	(55)
Profit on ordinary activities before interest		301	83
Interest receivable		132	120
Profit on ordinary activities before taxation		433	203
Tax on profit on ordinary activities	6	(35)	—
Profit for the financial year transferred to reserves	7	398	203
Earnings per share	8	0.60p	0.30p

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

Consolidated balance sheet

Betacom

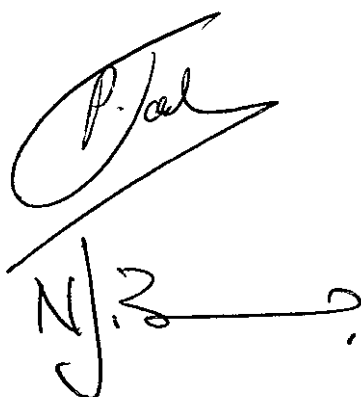
	Note	30th June, 1995 £'000	30th June, 1994 £'000
Fixed assets			
Tangible assets	9	847	1,042
Current assets			
Stocks	11	3,517	3,514
Debtors	12	2,518	3,042
Cash at bank and in hand	13	4,099	3,433
		10,134	9,989
Creditors: amounts falling due within one year	14	(1,626)	(2,076)
Net current assets		8,508	7,913
Total assets less current liabilities		9,355	8,955
Provisions for liabilities and charges	15	(134)	(132)
Net assets		9,221	8,823
Called up share capital	16	6,660	6,660
Share premium account	17	96	96
Profit and loss account	17	2,465	2,067
Equity shareholders' funds	18	9,221	8,823

The financial statements were approved by the board of directors on 2nd October, 1995.

N. J. Becker

P. L. A. Jacobs

Directors



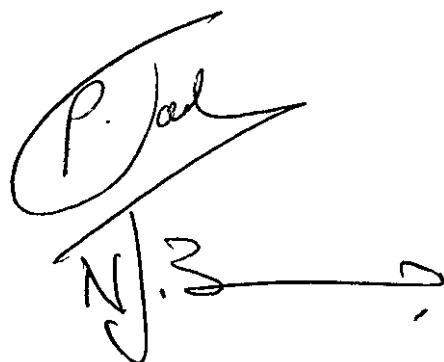
Company balance sheet

Betacom

	Note	30th June, 1995 £'000	30th June, 1994 £'000
Fixed assets			
Tangible assets	9	715	910
Investments	10	68	68
		<u>783</u>	<u>978</u>
Current assets			
Stocks	11	3,517	3,514
Debtors	12	2,518	3,042
Cash at bank and in hand	13	4,099	3,433
		<u>10,134</u>	<u>9,989</u>
Creditors: amounts falling due within one year	14	<u>(1,697)</u>	<u>(2,147)</u>
Net current assets		<u>8,437</u>	<u>7,842</u>
Total assets less current liabilities		9,220	8,820
Provisions for liabilities and charges	15	<u>(134)</u>	<u>(132)</u>
Net assets		<u>9,086</u>	<u>8,688</u>
Equity shareholders' funds			
Called up share capital	16	6,660	6,660
Share premium account	17	96	96
Special capital reserve	17	1,198	1,198
Profit and loss account	17	<u>1,132</u>	<u>734</u>
		<u>9,086</u>	<u>8,688</u>

The financial statements were approved by the board of directors on 2nd October, 1995.

N. J. Becker
P. L. A. Jacobs
Directors



Consolidated cash flow statement

Betacom

		Year ended 30th June, 1995 £'000	Year ended 30th June, 1994 £'000
	Note		
Net cash inflow from operating activities	19	490	215
Net cash inflow from returns on investments		139	119
UK corporation tax received		24	151
Purchase of tangible fixed assets		(285)	(571)
Disposal of fixed asset investments		—	249
Sale of tangible fixed assets		298	30
Net cash inflow/(outflow) from investing activities		13	(292)
Increase in cash and cash equivalents	20	666	193

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 as follows:

	<i>Rate p.a.</i>	<i>Method</i>
Freehold buildings	3%	Straight line
Special tools	50%	Straight line
Fixtures, fittings, office equipment and motor vehicles	25%	Straight line

- (d) Stock is 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, 1995. 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) Research and development expenditure is written off as incurred except for expenditure on specific development projects which is carried forward if its recoverability can be foreseen with reasonable assurance. Any expenditure carried forward is amortised in relation to the sales from specific projects. The directors consider this treatment results in proper matching of costs and revenue.
- (i) Provision is made for costs relating to anticipated sales returns of products within their warranty period.

2. Turnover

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

	<i>Year ended 30th June, 1995 £'000</i>	<i>Year ended 30th June, 1994 £'000</i>
UK	11,842	13,514
Other European countries	2,097	10
Africa	2,395	—
	<u>16,334</u>	<u>13,524</u>

3. Operating profit from continuing operations

Operating profit from continuing operations is stated after charging/(crediting) the following:

	Year ended 30th June, 1995 £'000	Year ended 30th June, 1994 £'000
Depreciation of tangible fixed assets	246	190
Amortisation of intangible fixed assets	—	28
Research and development expenditure	148	91
Operating leases: land and buildings	72	61
Auditors' remuneration and expenses—audit work	22	20
Auditors' remuneration and expenses—other	6	13
Directors' emoluments excluding pension contributions	319	227
Pension contributions in respect of directors	10	7
Release of provision against loan to the ESOP	—	(199)

4. Emoluments of directors

The emoluments of the Chairman and highest paid director, including bonus payments but excluding pension contributions, were £118,753 (1994: Chairman £52,212, highest paid director £69,775). No pension contributions were paid in respect of the Chairman (1994: Chairman nil, highest paid director £3,888). The emoluments, including bonus payments of £47,000 (1994: nil) but excluding pension contributions, of all directors were within the following ranges:

	Year ended 30th June, 1995 No.	Year ended 30th June, 1994 No.
£ 0 — £ 5,000	1	—
£ 5,001 — £ 10,000	1	—
£ 40,001 — £ 45,000	1	1
£ 50,001 — £ 55,000	—	1
£ 60,001 — £ 65,000	—	1
£ 65,001 — £ 70,000	—	1
£ 70,001 — £ 75,000	1	—
£ 75,001 — £ 80,000	1	—
£115,001 — £120,000	1	—

During the year, 48,000 share options were granted to Mr. Burns, exercisable at a price of 8p per share. Compensation for directors' loss of office paid in the year amounted to £7,500 (1994: nil).

5. 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, 1995 No.</i>	<i>Year ended 30th June, 1994 No.</i>
Administration	20	15
Sales and marketing	6	7
Warehousing, service and distribution	30	30
Technical and product management	8	8
	<u>64</u>	<u>60</u>

The aggregate payroll costs of these persons were as follows:

	<i>Year ended 30th June, 1995 £'000</i>	<i>Year ended 30th June, 1994 £'000</i>
Wages and salaries, including bonuses	1,176	990
Social security costs	114	91
Other pension costs	10	8
	<u>1,300</u>	<u>1,089</u>

A bonus scheme was introduced during the year for directors and senior managers.

6. Taxation

	<i>Year ended 30th June, 1995 £'000</i>	<i>Year ended 30th June, 1994 £'000</i>
Taxation based on the profit on ordinary activities for the year:		
UK corporation tax at 33%	33	—
Adjustments in respect of prior years	2	—
	<u>35</u>	<u>—</u>

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

7. 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. Of the profit for the year, all has been dealt with in the financial statements of the Company (1994: £323,000).

8. 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 of 66,602,608 (1994: 66,602,608). There would be no dilution of earnings per share if the share options were exercised.

9. Tangible fixed assets

	<i>Freehold property and improvements £'000</i>	<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>
Group					
<i>Cost</i>					
At 1st July, 1994	614	295	191	1,811	2,911
Additions	—	35	50	200	285
Disposals	—	—	(42)	(255)	(297)
At 30th June, 1995	<u>614</u>	<u>330</u>	<u>199</u>	<u>1,756</u>	<u>2,899</u>
<i>Depreciation</i>					
At 1st July, 1994	385	164	45	1,275	1,869
Charge for the year	4	15	50	177	246
Disposals	—	—	(20)	(43)	(63)
At 30th June, 1995	<u>389</u>	<u>179</u>	<u>75</u>	<u>1,409</u>	<u>2,052</u>
<i>Net book value</i>					
At 30th June, 1995	<u>225</u>	<u>151</u>	<u>124</u>	<u>347</u>	<u>847</u>
At 30th June, 1994	<u>229</u>	<u>131</u>	<u>146</u>	<u>536</u>	<u>1,042</u>
Company					
<i>Cost</i>					
At 1st July, 1994	488	295	191	1,817	2,791
Additions	—	35	50	200	285
Disposals	—	—	(42)	(255)	(297)
At 30th June, 1995	<u>488</u>	<u>330</u>	<u>199</u>	<u>1,762</u>	<u>2,779</u>
<i>Depreciation</i>					
At 1st July, 1994	391	164	45	1,281	1,881
Charge for the year	4	15	50	177	246
Disposals	—	—	(20)	(43)	(63)
At 30th June, 1995	<u>395</u>	<u>179</u>	<u>75</u>	<u>1,415</u>	<u>2,064</u>
<i>Net book value</i>					
At 30th June, 1995	<u>93</u>	<u>151</u>	<u>124</u>	<u>347</u>	<u>715</u>
At 30th June, 1994	<u>97</u>	<u>131</u>	<u>146</u>	<u>536</u>	<u>910</u>

10. Investments

Investments of the Company at 30th June, 1995 and 30th June, 1994 comprise shares in subsidiary undertakings at cost of £607,000 less provisions of £539,000. None of the subsidiary undertakings of the Company traded during the year. The trade of one of the subsidiary undertakings, Answercall Limited, is conducted by Betacom Plc which is the appointed agent of Answercall Limited. All of the subsidiary undertakings are wholly owned by Betacom Plc.

11. Stocks

All stocks of the Group and the Company at 30th June, 1995 and 30th June, 1994 comprise finished goods and goods for resale.

12. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>30th June, 1995</i>	<i>30th June, 1994</i>	<i>30th June, 1995</i>	<i>30th June, 1994</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade debtors	1,967	2,789	1,967	2,789
Amounts due from parent company	445	—	445	—
Other debtors	50	156	50	156
Prepayments and accrued income	56	71	56	71
Corporation tax recoverable	—	26	—	26
	<u>2,518</u>	<u>3,042</u>	<u>2,518</u>	<u>3,042</u>

13. Cash at bank and in hand

Specific charges over the Company's cash deposits have been granted to Lloyds Bank, the amount of these charges being limited to the value of documentary credits less an agreed overdraft facility and other credit lines made available at any time.

14. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>30th June, 1995</i>	<i>30th June, 1994</i>	<i>30th June, 1995</i>	<i>30th June, 1994</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade creditors	748	1,235	748	1,235
Amounts owed to subsidiary undertakings	—	—	71	71
Amounts owed to parent company	—	110	—	110
Other creditors	—	2	—	2
Corporation tax payable	33	—	33	—
Other taxes and social security	313	269	313	269
Accruals and deferred income	532	460	532	460
	<u>1,626</u>	<u>2,076</u>	<u>1,697</u>	<u>2,147</u>

15. Provisions for liabilities and charges

Provisions, which are in respect of goods returned under warranty, were as follows:

	Group		Company	
	30th June, 1995	30th June, 1994	30th June, 1995	30th June, 1994
	£'000	£'000	£'000	£'000
At 1st July, 1994	132	155	132	155
Provided in the year	2	—	2	—
Released in the year	—	(23)	—	(23)
At 30th June, 1995	<u>134</u>	<u>132</u>	<u>134</u>	<u>132</u>

The amount of potential deferred tax not provided is nil (1994: nil). The Company has losses of approximately £4.0 million at 30th June, 1995 to be carried forward for tax purposes against future profits.

16. Share capital

	30th June, 1995		30th June, 1994	
	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	66,602,608	6,660	66,602,608	6,660

The following options to subscribe for shares have been granted under the Company's 1988 Executive Share Option Scheme:

<i>Date of grant</i>	<i>No. of ordinary shares</i>		<i>Option price</i>	<i>Exercisable after</i>	<i>Exercisable to</i>
	<i>Directors</i>	<i>Others</i>			
26th October, 1988	80,000	104,000	60p	—	26th October, 1998
30th April, 1990	80,000	—	19p	—	30th April, 2000
14th March, 1994	1,250,000	650,000	15p	14th March, 1997	14th March, 2004
14th March, 1994	—	50,000	15p	—	14th September, 1997
2nd November, 1994	48,000	—	8p	2nd November, 1997	2nd November, 2004

Options over 700,000 ordinary shares lapsed during the year.

17. Reserves

	<i>Share premium account</i>	<i>Special capital reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	£'000	£'000	£'000	£'000
Group				
At 1st July, 1994	96	—	2,067	2,163
Profit for the financial year	—	—	398	398
At 30th June, 1995	<u>96</u>	<u>—</u>	<u>2,465</u>	<u>2,561</u>
Accumulated goodwill written off against reserves	<u>—</u>	<u>1,198</u>	<u>39</u>	<u>1,237</u>
Company				
At 1st July, 1994	96	1,198	734	2,028
Profit for the financial year	—	—	398	398
At 30th June, 1995	<u>96</u>	<u>1,198</u>	<u>1,132</u>	<u>2,426</u>

18. Reconciliation of movements in shareholders' funds

	<i>Year ended 30th June, 1995 £'000</i>	<i>Year ended 30th June, 1994 £'000</i>
At 1st July, 1994	8,823	8,620
Profit for the year	398	203
At 30th June, 1995	<u>9,221</u>	<u>8,823</u>

19. Reconciliation of operating profit from continuing operations to net cash inflow from operating activities

	<i>Year ended 30th June, 1995 £'000</i>	<i>Year ended 30th June, 1994 £'000</i>
Operating profit from continuing operations	237	138
Depreciation and amortisation charges	246	218
Provision release in respect of ESOP investment	—	(199)
Loss on sale of tangible fixed assets	—	9
Increase in stocks	(3)	(115)
Decrease/(increase) in debtors	491	(692)
(Decrease)/increase in creditors	(483)	879
Increase/(decrease) in provisions	2	(23)
Net cash inflow from operating activities	<u>490</u>	<u>215</u>

20. Analysis of changes in cash and cash equivalents during the year

	<i>Year ended 30th June, 1995 £'000</i>	<i>Year ended 30th June, 1994 £'000</i>
At 1st July, 1994	3,433	3,240
Net cash inflow	666	193
At 30th June, 1995	<u>4,099</u>	<u>3,433</u>

21. Financial commitments

(a) Capital commitments

There was no capital expenditure contracted for but not provided in these financial statements (1994: £9,000). There were no other capital commitments, either contracted or authorised, other than those provided in the financial statements (1994: nil).

(b) Operating lease commitments

Amounts due by the Group and the Company within one year under operating leases on land and buildings which expire after five years was £75,000 at 30th June, 1995 (1994: £75,000).

(c) Guarantees

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.

22. Ultimate parent company

The Company is a subsidiary undertaking of Amstrad plc, which is its ultimate parent company and is registered in England and Wales. The largest group in which the accounts of the Company are consolidated is that headed by Amstrad plc. The consolidated accounts are available to the public and may be obtained from Brentwood House, 169 Kings Road, Brentwood, Essex CM14 4EF.

	Six months				
	Year ended	Year ended	Year ended	ended	Year ended
	30th June,	30th June,	30th June,	30th June,	31st Dec.,
	1995	1994	1993	1992	1991
	£'000	£'000	£'000	£'000	£'000
Profit and loss account					
Turnover from continuing operations	<u>16,334</u>	<u>13,524</u>	<u>12,088</u>	<u>4,246</u>	<u>11,228</u>
Gross profit/(loss)	2,652	2,168	2,141	(799)	2,004
Net operating expenses	<u>(2,415)</u>	<u>(2,030)</u>	<u>(2,084)</u>	<u>(2,718)</u>	<u>(2,959)</u>
Operating profit/(loss) from continuing operations	237	138	57	(3,517)	(955)
Profit/(loss) on sale of fixed assets	64	(55)	213	—	—
Share of (losses)/profits of associated undertakings	—	—	—	(175)	144
Net interest receivable/(payable)	<u>132</u>	<u>120</u>	<u>246</u>	<u>(226)</u>	<u>(451)</u>
Profit/(loss) before taxation	433	203	516	(3,918)	(1,262)
Taxation	<u>(35)</u>	<u>—</u>	<u>107</u>	<u>61</u>	<u>187</u>
Profit/(loss) after taxation	398	203	623	(3,857)	(1,075)
Dividends	—	—	—	—	—
Retained profit/(deficit) for the period	<u>398</u>	<u>203</u>	<u>623</u>	<u>(3,857)</u>	<u>(1,075)</u>
Earnings/(loss) per share	<u>0.60p</u>	<u>0.30p</u>	<u>0.83p</u>	<u>(12.38p)</u>	<u>(3.45p)</u>
Capital employed					
Fixed assets	847	1,042	833	1,718	3,085
Net operating assets/(liabilities)	<u>8,374</u>	<u>7,781</u>	<u>7,787</u>	<u>(126)</u>	<u>2,364</u>
Net assets	<u>9,221</u>	<u>8,823</u>	<u>8,620</u>	<u>1,592</u>	<u>5,449</u>
Financed by					
Share capital	6,660	6,660	6,660	3,116	3,116
Reserves	<u>2,561</u>	<u>2,163</u>	<u>1,960</u>	<u>(1,524)</u>	<u>2,333</u>
Equity shareholders' funds	<u>9,221</u>	<u>8,823</u>	<u>8,620</u>	<u>1,592</u>	<u>5,449</u>

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 and on my/our behalf at the annual general meeting of the Company to be held on Friday, 3rd November, 1995 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, 1995 and the directors' and auditors' reports thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-appoint the auditors and to authorise the directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
3. To give the directors authority, until the next annual general meeting, to allot shares.	<input type="checkbox"/>	<input type="checkbox"/>
4. To disapply pre-emption rights (special resolution)	<input type="checkbox"/>	<input type="checkbox"/>

SignatureDate

Notes:

1. If you wish to appoint some other person, please insert his/her name and address, initial the insertion and strike out the words "chairman of the meeting".
2. Please indicate with an X how you wish your vote to be cast. Unless otherwise instructed, the proxy will vote or abstain as he/she thinks fit.
3. A corporation proxy must be executed under its Common Seal or under the hand of a duly appointed officer or attorney.
4. To be valid, this proxy must be lodged with the Registrar not less than 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.

BUSINESS REPLY SERVICE
LICENCE No. CL 450

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Independent Registrars Group Limited
Broseley House
Newlands Drive
Witham
Essex
CM8 2BR

Second fold

First fold

Third fold and tuck in opposite