

955321

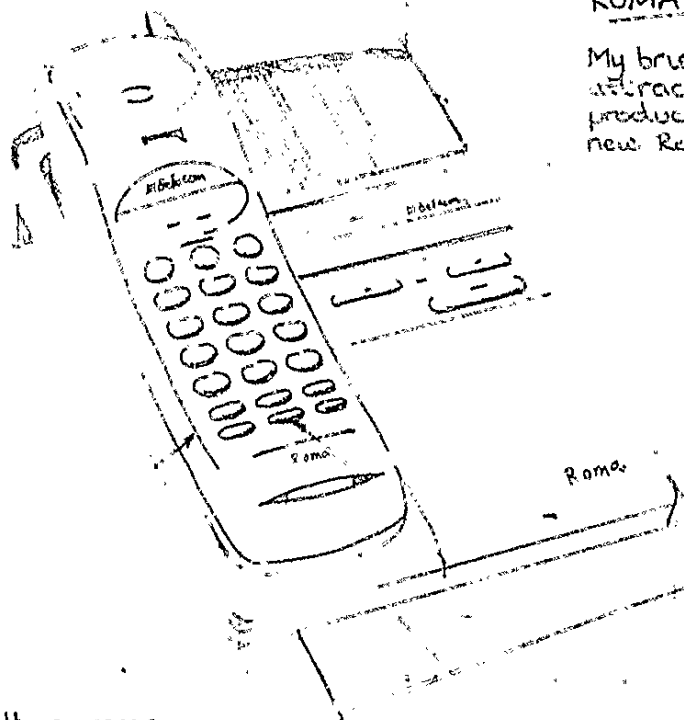
Betacom Plc

Annual Report & Accounts

1993



/// Betacom[®]



ROMA

My brief was to capitalise on the attractive style of the Venture, to produce a striking design for our new Roma cordless product.

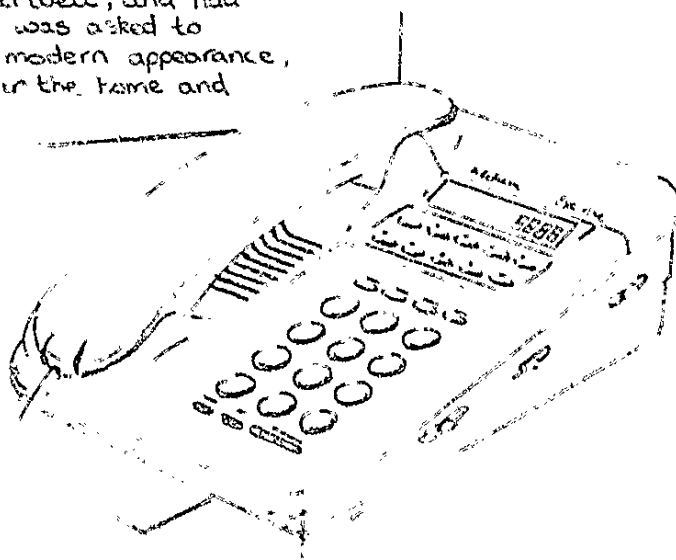
Soft ergonomic design handset.

Three colour combinations with matching trim.

Contrasting keypad colours.

NEW TWO-PIECE RANGE

The previous range sold well, and had good functionality. I was asked to produce a design of modern appearance, which would look good in the home and office.



Contents

in Betacom

CHAIRMAN'S STATEMENT	2
NOTICE OF MEETING... ..	3
REPORT OF THE DIRECTORS	4
STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	6
CORPORATE GOVERNANCE.....	6
REPORT OF THE AUDITORS	7
CONSOLIDATED PROFIT AND LOSS ACCOUNT.....	8
CONSOLIDATED BALANCE SHEET	9
COMPANY BALANCE SHEET	10
CONSOLIDATED CASH FLOW STATEMENT	11
NOTES TO THE FINANCIAL STATEMENTS.....	12
FINANCIAL RECORD	24

Directors	Ken Ashcroft Paul Jacobs Philip Thorndyke	Chairman Finance director Sales director
	all of Unit 1, Ponders End Industrial Estate, Duck Lees Lane, Enfield, Middlesex EN3 7TQ	
Company secretary and registered office	David Riches, 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	KPMG Peat Marwick, Chartered Accountants, 1 Puddle Dock, London EC4V 3PD	
Solicitors	Travers Smith Braithwaite, 10 Snow Hill, London EC1A 2AL	
Principal bankers	Lloyds Bank Plc, City Office, 72 Lombard Street, London EC3P 3BT Barclays Bank PLC, North East London Business Centre, PO Box 2403, London N18 2BY	
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	

Chairman's statement

Dear shareholder,

I have pleasure in reporting the results for the twelve months to 30th June, 1993. The report covers a year in which your Board has been involved in structural changes to the share capital and the concentration of the Company's activities.

Sales for the twelve months total £12.1 million compared with £4.2 million in the six months to 30th June, 1992. I am pleased to report a profit before tax of £0.5 million compared with a loss of £3.9 million in the six months to 30th June, 1992. (In 1992 the Company changed its year end from 31st December to 30th June.)

Following the repayment of share capital which was necessary to protect the Company's London Stock Exchange Listing, and which involved a scheme of arrangement (described in the circular to shareholders dated 19th February, 1993), Amstrad plc now has a 66 per cent. shareholding in the Company. During the year, Amstrad has continued to assist the Company in product management and procurement. There has been co-operation in other fields, such as distribution, where cost savings benefit the Company.

The year to 30th June, 1993 has been one of consolidation during which we have eliminated our peripheral activities to concentrate all our resources on improving our core business in consumer telephones and communication products in the UK. As part of this strategy, we sold our investments in the joint ventures in Germany and Holland for a profit of £213,000.

In the UK we disposed of significant quantities of slow-moving products resulting in a much better mix of inventory at the year end. In June 1993 we closed our Bristol service centre and transferred the activities to our head office location. With the exception of physical distribution, which has been sub-contracted, we now have all of our activities concentrated at Enfield.

During the year we have made significant improvements to our helpline support and

after-sales service, which are required because consumer queries are endemic in the telephone industry. This will have the effect of reducing the number of products that are returned to us via our distribution customers.

Towards the end of 1992 we have had to contend with the devaluation of sterling, and this continues to affect margins, since it takes time for cost price increases to feed through into the high street.

In the half year interim statement, I reported that the Company was recovering its market share in the UK after an extremely difficult period. I am pleased to report that we continue to have good representation in all the major electrical retailers, catalogues and distributors. We have expanded our product development activities and will be releasing many newly designed two-piece telephones, answering machines and cordless telephone products into the UK market during the autumn of 1993. These are based upon the successes of last year and have been well received by our customer base.

We have continued to maintain an emphasis on liquidity, closing the year with cash of £3.2 million compared with an overdraft of £2.6 million at 30th June, 1992. During the year we have restructured our banking facilities, having obtained the release from the Bank of Scotland of the restrictive fixed and floating charges held by them.

Having completed the reorganisation of the Company and consolidation of its activities, we now look forward to building on these sound foundations in order to provide a steady growth for the future.

All our staff have responded well to the changes and challenges during the year. My thanks, on behalf of the Board, are due to all our employees.


Ken Ashcroft
Chairman

Notice of meeting

/// Betacom

NOTICE IS HEREBY GIVEN that the fifth 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, 1993 at 11.00 a.m. for the transaction of the following business:

Ordinary business

1. To receive and adopt the accounts of the Company for the year ended 30th June, 1993 and the reports of the directors and auditors thereon.
2. To appoint Touche Ross & Co as auditors of the Company and to authorise the directors to fix their remuneration.

Dated 30th September, 1993

By order of the Board

David Riches
Secretary



Registered Office:

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

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 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 form of proxy does not preclude a member from subsequently attending and voting in person at the annual general meeting.

Report of the directors

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 30th June, 1993.

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 was £516,000 (six months to 30th June, 1992—loss £3,918,000) before tax credit of £107,000 (1992—tax credit £61,000). Full details are set out in the consolidated profit and loss account on page 8 of these financial statements.

The directors do not recommend the payment of a dividend (1992—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 development expenditure are set out in note 4 to the financial statements.

Share capital

Details of the issued share capital are given in note 21 to the financial statements. During the year the Company issued 47,319,659 new ordinary shares of 10p each at a price of 18p per share by way of a rights issue and subscription by Amstrad plc and subsequently cancelled 11,877,207 shares held by Amstrad (representing 15.1 per cent. of the Company's issued share capital) at a cost of 17p per share. The rights issue and subscription raised £8,518,000 and the share cancellation, which was required to protect the Company's London Stock Exchange Listing, cost £2,019,000. Betacom Plc is now a subsidiary undertaking of Amstrad plc.

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, 1993 were as follows:

	Ordinary shares of 10p each		Options over ordinary shares of 10p each	
	30th June, 1993	1st July, 1992	30th June, 1993	1st July, 1992
K. Ashcroft	—	—	—	—
P. L. A. Jacobs	10,000	10,000	80,000	100,000
P. R. Thorndyke	5,600	5,600	80,000	100,000
R. S. Rowland	—	105,000	—	200,000
(resigned 21st July, 1992)				
D. A. Wallace	—	50,000	—	500,000
(resigned 18th September, 1992)				

There were no changes in directors' interests during the period from 30th June, 1993 to 23rd September, 1993. All the directors' interests referred to above are beneficially held.

Mr. K. Ashcroft was appointed chairman following the resignation of Mr. R. S. Rowland on 21st July, 1992. He was formerly a non-executive director of Betacom Plc. Mr. Ashcroft has a continuous consultancy agreement subject to six months' notice. Mr. Jacobs and Mr. Thorndyke 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 ESOS"). 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. The number of options granted to directors from the ESOS was 160,000 as at 23rd September, 1993.

There are no options outstanding under the Betacom 1988 Employee Share Ownership Plan Trust ("the ESOP"). The status of the ESOP is described in more detail in note 29 to the financial statements.

The Company has purchased and 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, 1993 or at 23rd September, 1993, save as disclosed below:

	30th June, 1993		23rd September, 1993	
	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%
BarkAmerica Trust Co (HK) Ltd (nominee holding)	2,100,000	3.15%	1,900,000	2.85%

*under common control

Fixed assets

Changes in fixed assets during the year are set out in notes 13, 14 and 15 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

KPMG Peat Marwick do not intend to seek re-appointment as auditors of the Company at the forthcoming annual general meeting. It is therefore proposed that in accordance with Section 385 of the Companies Act 1985, a resolution to appoint Touche Ross & Co as auditors of the Company be put to that meeting.

By order of the Board
David Riches

Secretary
30 September 1993



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 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.

Corporate governance

The Board has reviewed the Company's corporate governance following the publication of the Cadbury Committee's report on the financial aspects of corporate governance in December 1992. As recognised in that report, smaller listed companies such as Betacom Plc will necessarily have difficulty at this juncture in complying with some aspects of the Code.

Reporting on the extent of compliance with the Code of Best Practice of the Committee is required for periods ending after 30th June, 1993. It is, therefore, the Board's intention to report fully on the extent of compliance in next year's annual report.

Auditors' report to the members of Betacom Plc

/// Betacom

We have audited the financial statements on pages 8 to 23.

Respective responsibilities of directors and auditors

As described on page 6 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 affairs of the Company and the Group as at 30th June, 1993 and of the profit and cash flows of the Group 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

London
30th September, 1993

Consolidated profit and loss account

	Note	Year ended 30th June, 1993 £'000	Six months ended 30th June, 1992 £'000
Turnover from continuing operations	2	12,088	4,246
Cost of sales	3	(9,947)	(5,045)
Gross profit/(loss)		2,141	(799)
Distribution expenses		(1,020)	(319)
Administrative expenses	3	(994)	(1,282)
Restructuring and rationalisation costs	3	(70)	(1,117)
Net operating expenses		(2,084)	(2,718)
Operating profit/(loss) from continuing operations	4	57	(3,517)
Profit on sale of fixed asset investments	5	213	—
Share of losses of associated undertakings		—	(175)
Profit/(loss) on ordinary activities before interest		270	(3,692)
Interest receivable		274	35
Interest payable	8	(28)	(261)
Profit/(loss) on ordinary activities before taxation		516	(3,918)
Tax on profit/(loss) on ordinary activities	9	107	61
Profit/(loss) for the period	10	623	(3,857)
Dividends	11	—	—
Transfer to/(from) reserves	22	623	(3,857)
Earnings/(loss) per share	12	0.83p	(12.38p)

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

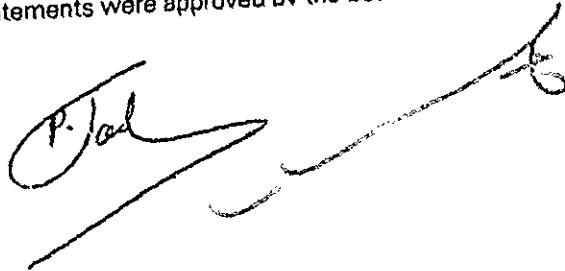
Consolidated balance sheet

iii Betacom

	Note	30th June, 1993 £'000	30th June, 1992 £'000
Fixed assets	13	755	863
Tangible assets	14	28	80
Intangible assets	15	50	775
Investments		<u>833</u>	<u>1,718</u>
 Current assets	16	3,399	2,787
Stocks	17	2,500	2,576
Debtors	18	3,240	—
Cash at bank and in hand		<u>9,139</u>	<u>5,363</u>
 Creditors: amounts falling due within one year		—	(2,642)
Bank loans and overdrafts	19	(1,197)	(2,259)
Other		(1,197)	(4,901)
		<u>7,942</u>	<u>462</u>
Net current assets		8,775	2,180
Total assets less current liabilities	20	(155)	(588)
Provisions for liabilities and charges		<u>8,620</u>	<u>1,592</u>
Net assets			
 Called up share capital	21	6,660	3,116
Share premium account	22	96	1,881
Special capital reserve	22	184	—
Profit and loss account	22	1,680	(3,405)
Shareholders' funds	23	<u>8,620</u>	<u>1,592</u>

The financial statements were approved by the board of directors on 30th September, 1993

K. Ashcroft
P. L. A. Jacobs
Directors



Company balance sheet

	Note	30th June, 1993 £'000	30th June, 1992 £'000
Fixed assets			
Tangible assets	13	623	522
Intangible assets	14	28	80
Investments	15	118	1,016
		<u>769</u>	<u>1,618</u>
Current assets			
Stocks	16	3,399	2,776
Debtors	17	3,036	3,099
Cash at bank and in hand	18	3,240	—
		<u>9,675</u>	<u>5,875</u>
Creditors: amounts falling due within one year			
Bank loans and overdrafts		—	(2,725)
Other	19	(1,242)	(2,531)
		<u>(1,242)</u>	<u>(5,256)</u>
Net current assets		<u>8,433</u>	<u>619</u>
Total assets less current liabilities		9,202	2,237
Provisions for liabilities and charges	20	(837)	(1,150)
Net assets		<u>8,365</u>	<u>1,087</u>
Shareholders' funds			
Called up share capital	21	6,660	3,116
Share premium account	22	96	1,881
Special capital reserve	22	1,382	1,198
Profit and loss account	22	227	(5,108)
		<u>8,365</u>	<u>1,087</u>

The financial statements were approved by the board of directors on 30th September, 1993

K. Ashcroft
P. L. A. Jacobs
Directors



Consolidated cash flow statement

iii Betacom

	Note	Year ended 30th June, 1993 £'000	Six months ended 30th June, 1992 £'000
Net cash (outflow)/inflow from operating activities	24	(1,££5)	429
Returns on investments and servicing of finance			
Interest received		256	30
Interest paid		(38)	(288)
Net cash inflow/(outflow) from returns on investments and servicing of finance		218	(258)
Taxation			
UK corporation tax received		109	88
Overseas tax received		—	18
Net tax received		109	106
Net cash inflow/(outflow) from investing activities	25	735	(1,046)
Net cash outflow before financing		(523)	(769)
Financing			
Proceeds from rights issue and subscription		8,518	—
Expenses paid in connection with rights issue and subscription		(94)	—
Repayment of share capital		(2,019)	—
Net cash inflow from financing	26	6,405	—
Increase/(decrease) in cash and cash equivalents	27	5,882	(769)

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, including Financial Reporting Standard Number 3 (FRS 3), which introduces changes to the presentation of financial statements. As a consequence, items previously reported as extraordinary and exceptional have been reclassified. Certain other comparative figures in the financial statements and the notes thereto have been revised in minor respects onto a basis consistent with that applied in the current year.

- (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:

	Rate p.a.	Method
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 of the Group comprise the results of the Company and its subsidiary undertakings up to 30th June, 1993. 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 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

There were no significant sales overseas during the year. All turnover derives from continuing operations and from one class of business.

3. Exceptional items

Exceptional items are included under the following headings in the profit and loss account:

	Year ended 30th June, 1993 £'000	Six months ended 30th June, 1992 £'000
<i>Cost of sales</i>		
Additional amortisation of intangible fixed assets	73	51
Product range rationalisation	—	806
	<u>73</u>	<u>857</u>
<i>Administrative expenses</i>		
(Reduction)/increase in ESOP provision	(50)	622
<i>Restructuring and rationalisation costs</i>		
Expenses of share cancellation	70	—
Bad debt provision	—	300
Additional depreciation of tangible fixed assets	—	377
Other restructuring costs	—	440
	<u>70</u>	<u>1,117</u>
Total exceptional items	<u>93</u>	<u>2,596</u>

The previous period's exceptional and extraordinary items, which were disclosed separately on the face of the profit and loss account last year, have been reclassified under appropriate headings in accordance with FRS 3.

4. Operating profit/(loss) from continuing operations

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

	Year ended 30th June, 1993 £'000	Six months ended 30th June, 1992 £'000
Depreciation of tangible fixed assets	181	519
Amortisation of intangible fixed assets	80	153
Research and development expenditure	76	57
Operating leases: land and buildings	28	28
Auditors' remuneration and expenses – audit work	26	26
Auditors' remuneration and expenses – other	25	5
Directors' emoluments (see note 6)	203	122

5. Profit on sale of fixed asset investments

The profit on sale of fixed asset investments of £213,000 was the net profit (after expenses) arising on the disposal of the Company's joint ventures in Germany and Holland. Loewe Betacom GmbH was sold in September 1992 and Betacom Nederland BV was sold in April 1993. Details of the disposal of the Company's investment in Loewe Betacom GmbH were included in a circular sent to shareholders on 30th September, 1992. The joint ventures were accounted for as associated undertakings within fixed asset investments.

Notes to the financial statements

6. Emoluments of directors

The emoluments of the chairman were £51,102 and the emoluments of the former chairman were £2,480 (six months ended 30th June, 1992: £20,000). No pension contributions were paid to the chairman or the former chairman. The emoluments of the highest paid director excluding pension contributions were £67,622 (six months ended 30th June, 1992: £44,000). The emoluments excluding pension contributions of the directors including the above were within the following ranges:

	Year ended 30th June, 1993 No.	Six months ended 30th June, 1992 No.
£ 0 - £ 5,000	1	2
£15,001 - £20,000	—	1
£20,001 - £25,000	1	1
£30,001 - £35,000	—	1
£40,001 - £45,000	—	1
£50,001 - £55,000	2	—
£65,001 - £70,000	1	—

The figures for the six months ended 30th June, 1992 are the actual emoluments for that period which have not been annualised for comparison purposes. Compensation for directors' loss of office paid in the year amounted to £142,035 (1992: nil) and included £4,300 being the estimated money benefit of a company car retained by a former director as part of his compensation arrangements.

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:

	Year ended 30th June, 1993 No.	Six months ended 30th June, 1992 No.
Administration	18	20
Selling	7	8
Warehouse	16	20
Technical	29	34
	<u>70</u>	<u>82</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 30th June, 1993 £'000	Six months ended 30th June, 1992 £'000
Wages and salaries	808	575
Social security costs	79	56
Other pension costs	10	12
	<u>897</u>	<u>643</u>

8. Interest payable

	Year ended 30th June, 1993 £'000	Six months ended 30th June, 1992 £'000
On bank loans, overdrafts and other loans wholly repayable within five years	<u>28</u>	<u>261</u>

9. Taxation

	Year ended 30th June, 1993 £'000	Six months ended 30th June, 1992 £'000
Taxation based on the profit/(loss) on ordinary activities for the year:		
UK corporation tax credit at 33% (1992: 33%)	26	—
Share of taxation of associated undertakings	—	61
Adjustments in respect of prior years	<u>81</u>	<u>—</u>
	<u>107</u>	<u>61</u>

The profit on sale of fixed asset investments as described in note 5 has had no effect on the tax credit for the year.

10. Profit/(loss) for the period

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, a profit of £873,000 (six months ended 30th June, 1992: loss £3,898,000) has been dealt with in the financial statements of the Company.

11. Dividends

No dividend has been paid during the year and none is proposed at the year end (six months ended 30th June, 1992: nil).

12. Earnings/(loss) per share

The earnings/(loss) per share has been based on the profit/(loss) for the year after taxation and on the average number of shares in issue of 75,141,315 (six months ended 30th June, 1992: 31,160,156).

Notes to the financial statements

13. Tangible fixed assets

Group	Freehold property and improvements £'000	Short leasehold property and improvements £'000	Motor vehicles £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost					
At 1st July, 1992	614	285	192	1,621	2,712
Additions	—	—	128	141	269
Disposals	—	—	(166)	(411)	(577)
At 30th June, 1993	<u>614</u>	<u>285</u>	<u>154</u>	<u>1,351</u>	<u>2,404</u>
Depreciation					
At 1st July, 1992	301	141	100	1,307	1,849
Charge for the year	15	12	37	117	181
Disposals	—	—	(104)	(277)	(381)
At 30th June, 1993	<u>316</u>	<u>153</u>	<u>33</u>	<u>1,147</u>	<u>1,649</u>
Net book value					
At 30th June, 1993	<u>298</u>	<u>132</u>	<u>121</u>	<u>204</u>	<u>755</u>
At 30th June, 1992	<u>313</u>	<u>144</u>	<u>92</u>	<u>314</u>	<u>863</u>
Company					
Cost					
At 1st July, 1992	413	285	153	1,202	2,053
Intercompany transfers	75	—	—	20	95
Additions	—	—	128	141	269
Disposals	—	—	(127)	(6)	(133)
At 30th June, 1993	<u>488</u>	<u>285</u>	<u>154</u>	<u>1,357</u>	<u>2,284</u>
Depreciation					
At 1st July, 1992	282	141	74	1,034	1,531
Intercompany transfers	27	—	—	4	31
Charge for the year	13	12	37	117	179
Disposals	—	—	(78)	(2)	(80)
At 30th June, 1993	<u>322</u>	<u>153</u>	<u>33</u>	<u>1,153</u>	<u>1,661</u>
Net book value					
At 30th June, 1993	<u>166</u>	<u>132</u>	<u>121</u>	<u>204</u>	<u>623</u>
At 30th June, 1992	<u>131</u>	<u>144</u>	<u>79</u>	<u>168</u>	<u>522</u>

14. Intangible fixed assets

The intangible fixed assets of the Group and the Company comprise research and development expenditure analysed as follows:

	Cost £'000	Amortisation £'000	Net book value £'000
At 1st July, 1992	1,971	(1,891)	80
Additions	28	—	28
Charge for the year	—	(80)	(80)
At 30th June, 1993	<u>1,999</u>	<u>(1,971)</u>	<u>28</u>

15. Investments

	Shares in subsidiary undertakings £'000	Interest in associated undertakings £'000	Loan to the ESOP (see note 29) £'000	Total £'000
Group				
<i>Cost</i>				
At 1st July, 1992	775	1,272	2,047	
Disposals (see note 5)	(775)	—	(775)	
At 30th June, 1993	<u>—</u>	<u>1,272</u>	<u>1,272</u>	
<i>Provision</i>				
At 1st July, 1992	—	1,272	1,272	
Released in year	—	(50)	(50)	
At 30th June, 1993	<u>—</u>	<u>1,222</u>	<u>1,222</u>	
<i>Net book value</i>				
At 30th June, 1993	<u>—</u>	<u>50</u>	<u>50</u>	
At 30th June, 1992	<u>775</u>	<u>—</u>	<u>775</u>	
Company				
<i>Cost</i>				
At 1st July, 1992	607	775	1,272	2,654
Disposals (see note 5)	—	(775)	—	(775)
At 30th June, 1993	<u>607</u>	<u>—</u>	<u>1,272</u>	<u>1,879</u>
<i>Provision</i>				
At 1st July, 1992	366	—	1,272	1,638
Provided/(released) in year	173	—	(50)	123
At 30th June, 1993	<u>539</u>	<u>—</u>	<u>1,222</u>	<u>1,761</u>
<i>Net book value</i>				
At 30th June, 1993	<u>68</u>	<u>—</u>	<u>50</u>	<u>118</u>
At 30th June, 1992	<u>241</u>	<u>775</u>	<u>—</u>	<u>1,016</u>

Notes to the financial statements

15. Investments (continued)

Subsidiary undertakings

By the year end the subsidiary undertakings of the Company had all ceased trading. The trade of one of the subsidiary undertakings, Answercall Limited, is conducted by Betacom Plc which is the appointed agent of Answercall Limited.

On 7th October, 1992 the trade and assets of the laboratories division of Global Telecommunication Laboratories Limited ("GTL"), a wholly-owned subsidiary of Betacom Plc, were sold for £62,211 to Patherway Limited, a company owned *inter alia* by a former director of GTL. The net book value of the assets sold amounted to £182,026 and costs and fees relating to the disposal amounted to £18,204. The total loss on disposal was £138,019, which amount was provided in the financial statements at 30th June, 1992.

The decision to sell the laboratories division was linked with the overall restructuring of Betacom's activities during 1992. In particular, the disposal of the Company's investment in the joint ventures in Germany and Holland resulted in a significant reduction in the requirement for in-house laboratory facilities. The options available to the Board were to close the operation, significantly reduce its level of activities or sell the business to its management. The management buy-out option was chosen as it was the least costly.

The assets of the business were sold at significantly less than their book value reflecting both the specialist nature of the assets being sold and the agreement by the purchasers to assume all the liabilities and undertakings of the business. Shortly after the sale, GTL changed its name to Phonemend Limited and Patherway Limited changed its name to GTL. By the year end Phonemend Limited had ceased trading.

16. Stocks

	Group		Company	
	30th June, 1993 £'000	30th June, 1992 £'000	30th June, 1993 £'000	30th June, 1992 £'000
Finished goods and goods for resale	3,399	2,776	3,399	2,776
Work in progress	—	11	—	—
	<u>3,399</u>	<u>2,787</u>	<u>3,399</u>	<u>2,776</u>

17. Debtors

	Group		Company	
	30th June, 1993 £'000	30th June, 1992 £'000	30th June, 1993 £'000	30th June, 1992 £'000
Trade debtors	2,168	1,895	2,168	1,856
Amounts owed by subsidiary undertakings	—	—	562	562
Amounts owed by associated undertakings	—	243	—	243
Other debtors	40	3	40	3
Prepayments and accrued income	115	167	115	167
Corporation tax recoverable	177	233	151	233
Other taxes and social security	—	35	—	35
	<u>2,500</u>	<u>2,576</u>	<u>3,036</u>	<u>3,099</u>

18. Cash at bank and in hand

During the year the Bank of Scotland released all of its floating and fixed charges over the assets of the Company and its subsidiaries. Specific charges over the Company's cash deposits have been granted to Barclays Bank and Lloyd's Bank, the amount of these charges being limited to the value of documentary credits and other credit lines made available at any time.

19. Creditors: amounts falling due within one year

	Group		Company	
	30th June, 1993	30th June, 1992	30th June, 1993	30th June, 1992
	£'000	£'000	£'000	£'000
Trade creditors	579	1,774	579	1,765
Amounts owed to subsidiary undertakings	—	—	43	416
Amounts owed to parent company	235	—	235	—
Other creditors	2	3	2	—
Corporation tax	—	54	—	—
Other taxes and social security	212	68	212	20
Accruals and deferred income	169	360	171	330
	<u>1,197</u>	<u>2,259</u>	<u>1,242</u>	<u>2,531</u>

20. Provisions for liabilities and charges

	Restructuring costs	Goods returned under warranty	Inter-company debt of a subsidiary undertaking	Total
	£'000	£'000	£'000	£'000
Group				
At 1st July, 1992	400	188	—	588
Released in the year	—	(33)	—	(33)
Utilised in the year	(400)	—	—	(400)
At 30th June, 1993	<u>—</u>	<u>155</u>	<u>—</u>	<u>155</u>
Company				
At 1st July, 1992	400	188	562	1,150
Released in the year	—	(33)	—	(33)
Utilised in the year	(280)	—	—	(280)
At 30th June, 1993	<u>120</u>	<u>155</u>	<u>562</u>	<u>837</u>

The amount of potential deferred tax not provided is nil (1992: nil). The Company has losses of approximately £4.5 million at 30th June, 1993 to be carried forward for tax purposes against future profits.

Notes to the financial statements

21. Share capital

	30th June, 1993		30th June, 1992	
	No.	£'000	No.	£'000
Authorised:				
Ordinary shares of 10p each	88,122,793	8,812	100,000,000	10,000
Allotted issued and fully paid:				
Ordinary shares of 10p each	66,602,608	6,660	31,160,156	3,116

In July 1992 the Company raised £8,518,000 by issuing 47,319,659 new ordinary shares of 10p each at 18p per share by way of a rights issue and subscription to Amstrad plc. The expenses of the transaction were £94,000 and have been debited to share premium account. Details of the rights issue and subscription were included in a circular sent to shareholders on 28th May, 1992. The market price of Betacom's 10p ordinary shares immediately prior to the announcement of the issue was 18p.

In April 1993 the Company cancelled 11,877,207 new ordinary shares of 10p each held by Amstrad plc for a consideration of £2,019,000, equivalent to 17p per share. The repayment and cancellation of the shares involved a scheme of arrangement, details of which were included in a circular sent to shareholders on 19th February, 1993. The expenses of the transaction were £70,000 and are included within the profit and loss account as restructuring and rationalisation costs.

964,000 options to subscribe for shares have been granted under the Company's 1983 Employee Share Option Scheme on or after 26th October, 1988 and are still outstanding. Of this amount, 184,000 options will be exercisable at a price of 60p per share and 80,000 options at a price of 19p per share at any time after the third anniversary up to the tenth anniversary of the date of the grant, subject to the rules of the Scheme. The other 700,000 options are exercisable at a price of 16.5p per share at any time up to 29th October, 1994.

22. Reserves

	Share premium account £'000	Special capital reserve £'000	Profit and loss account £'000	Total £'000
Group				
At 1st July, 1992	1,881	—	(3,405)	(1,524)
Profit for the period	—	—	623	623
Rights issue and subscription	3,786	—	—	3,786
Share cancellation	(831)	—	—	(831)
Expenses of rights issue and subscription	(94)	—	—	(94)
Share premium reduction	(4,646)	—	4,646	—
Non-distributable profits	—	184	(184)	—
At 30th June, 1993	96	184	1,680	1,960
Accumulated goodwill written off against reserves	—	1,198	39	1,237
Company				
At 1st July, 1992	1,881	1,198	(5,108)	(2,029)
Profit for the period	—	—	873	873
Rights issue and subscription	3,786	—	—	3,786
Share cancellation	(831)	—	—	(831)
Expenses of rights issue and subscription	(94)	—	—	(94)
Share premium reduction	(4,646)	—	4,646	—
Non-distributable profits	—	184	(184)	—
At 30th June, 1993	96	1,382	227	1,705

At an extraordinary general meeting on 17th March, 1993, shareholders passed a special resolution to approve the reduction of the amount standing to the credit of the share premium account of the Company by £4,646,000 in order to eliminate the deficit on the profit and loss account of the Company as at 31st December, 1992. The reduction was confirmed by the High Court on 21st April, 1993.

The transfer of £184,000 from the profit and loss account to the special capital reserve was required as the result of an undertaking given to the High Court on 30th March, 1993 in connection with the scheme of arrangement concerning the repayment and cancellation of share capital referred to in note 21 to the financial statements.

23. Reconciliation of movements in shareholders' funds

	Year ended 30th June, 1993 £'000	Six months ended 30th June, 1992 £'000
At 1st July, 1992	1,592	5,449
Profit/(loss) for the period	623	(3,857)
Rights issue and subscription	8,518	—
Expenses of rights issue and subscription	(94)	—
Share cancellation	(2,019)	—
At 30th June, 1993	<u>8,620</u>	<u>1,592</u>

24. Reconciliation of operating profit/(loss) from continuing operations to net cash (outflow)/inflow from operating activities

	Year ended 30th June, 1993 £'000	Six months ended 30th June, 1992 £'000
Operating profit/(loss) from continuing operations	57	(3,517)
Depreciation and amortisation charges	261	672
Provision (release)/charge in respect of ESOP investment	(50)	622
Loss on sale of tangible fixed assets	10	2
Provision utilised on loss on sale of tangible fixed assets	142	—
(Increase)/decrease in stocks	(612)	1,243
Decrease in debtors	21	597
(Decrease)/increase in creditors	(981)	222
(Decrease)/increase in provisions	(433)	588
Net cash (outflow)/inflow from operating activities	<u>(1,585)</u>	<u>429</u>

Notes to the financial statements

25. Investing activities

	Year ended 30th June, 1993 £'000	Six months ended 30th June, 1992 £'000
Purchase of tangible fixed assets	(269)	(24)
Purchase of intangible fixed assets	(28)	(27)
Disposal of fixed asset investments	988	—
ESOP payment	—	(1,003)
Sale of tangible fixed assets	44	8
Net cash inflow/(outflow) from investing activities	<u>735</u>	<u>(1,046)</u>

26. Analysis of changes in financing during the year

	Year ended 30th June, 1993 £'000	Six months ended 30th June, 1992 £'000
Share capital and premium at 1st July, 1992	4,997	4,997
Net cash inflow from financing	6,405	—
Share premium reduction	(4,646)	—
Share capital and premium at 30th June, 1993	<u>6,756</u>	<u>4,997</u>

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

	Year ended 30th June, 1993 £'000	Six months ended 30th June, 1992 £'000
At 1st July, 1992	(2,642)	(1,873)
Net cash inflow/(outflow)	<u>5,882</u>	<u>(769)</u>
At 30th June, 1993	<u>3,240</u>	<u>(2,642)</u>

28. Financial commitments

(a) Capital commitments

Capital expenditure contracted for but not provided in these financial statements amounted to £102,000 (1992: nil). There were no other capital commitments either contracted or authorised, other than those provided in the financial statements.

(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 £57,000 at 30th June, 1993 (1992: £57,000).

(c) Guarantees

The Company has granted a guarantee and indemnity to Amstrad plc and General Surety and Guarantee Company Limited for a total of £300,000 in respect of the deferment of duty and VAT payments to HM Customs and Excise on the importation of products into the UK.

Lloyds Bank has issued a guarantee of 100,000 Qatari Riyals (£19,000) to a Qatar Bank in respect of a tender given by the Company. The Company has counter-indemnified Lloyds Bank for an equivalent amount.

29. The ESOP

The Betacom 1988 Employee Share Ownership Plan Trust ("the ESOP") was established at the time of the Company's flotation. In last year's report and accounts it was stated that, as the ESOP was no longer of any value to employees, it was the directors' intention to wind it up. During the year all option holders released the Company and the trustees from their obligations under the ESOP. The directors are now able to wind up the ESOP and intend to do this within a reasonable period of time.

Betacom's loan to the ESOP is £1,272,000 and is included within fixed asset investments. The provision against the loan was reduced from £1,272,000 at 30th June, 1992 to £1,222,000 at 30th June, 1993. The release of £50,000 of the provision reflects the sale during the year of 250,000 shares by the ESOP at a price of 20p per share. The recoverability of the remaining portion of the loan is considered uncertain and therefore no further amounts had been released at 30th June, 1993.

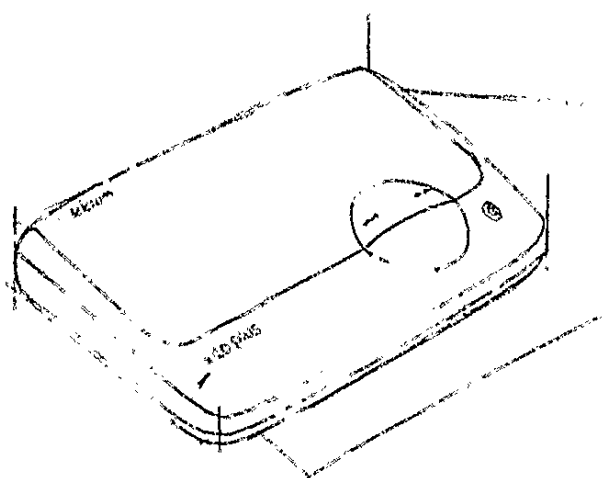
30. Ultimate parent company

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 of Amstrad plc are available to the public and may be obtained from Brentwood House, 169 Kings Road, Brentwood, Essex CM14 4EF.

Financial record

	Year ended 30th June, 1993 £'000	Six months ended 30th June, 1992 £'000	Year ended 31st December, 1991 £'000	Year ended 31st December, 1990 £'000	Year ended 31st December, 1989 £'000
Profit and loss account					
Turnover from continuing operations	<u>12,088</u>	<u>4,246</u>	<u>11,228</u>	<u>16,576</u>	<u>16,465</u>
Gross profit/(loss)	<u>2,141</u>	<u>(799)</u>	<u>2,004</u>	<u>738</u>	<u>3,076</u>
Profit/(loss) before taxation	516	(3,918)	(1,262)	(3,093)	(504)
Taxation	<u>107</u>	<u>61</u>	<u>187</u>	<u>242</u>	<u>157</u>
Profit/(loss) after taxation	<u>623</u>	<u>(3,857)</u>	<u>(1,075)</u>	<u>(2,851)</u>	<u>(347)</u>
Dividends	—	—	—	—	<u>(343)</u>
Retained profit/(deficit) for the period	<u>623</u>	<u>(3,857)</u>	<u>(1,075)</u>	<u>(2,851)</u>	<u>(690)</u>
Earnings/(loss) per share	<u>0.83p</u>	<u>(12.38p)</u>	<u>(3.45p)</u>	<u>(9.15p)</u>	<u>(1.11p)</u>
Capital employed					
Fixed assets	833	1,718	3,085	2,944	2,811
Net operating assets' (liabilities)	<u>7,787</u>	<u>(126)</u>	<u>2,364</u>	<u>3,580</u>	<u>6,635</u>
Net assets	<u>8,620</u>	<u>1,592</u>	<u>5,449</u>	<u>6,524</u>	<u>9,446</u>
Financed by					
Share capital	6,660	3,116	3,116	3,116	3,116
Reserves	<u>1,960</u>	<u>(1,524)</u>	<u>2,333</u>	<u>3,408</u>	<u>6,330</u>
Shareholders' funds	<u>8,620</u>	<u>1,592</u>	<u>5,449</u>	<u>6,524</u>	<u>9,446</u>

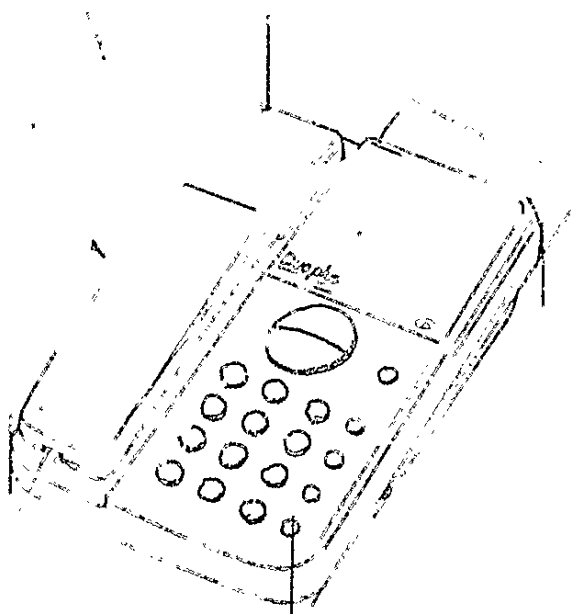
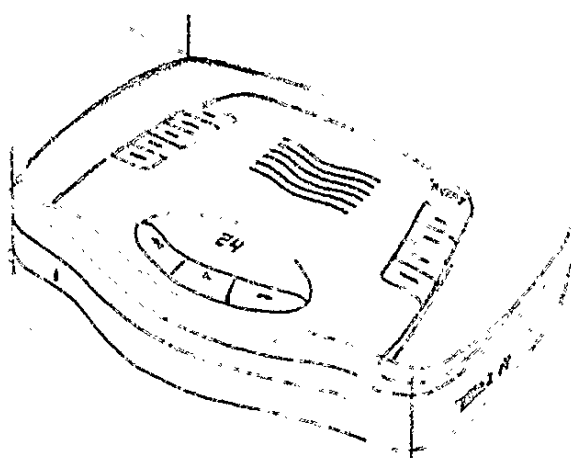
The financial record has been reclassified in accordance with FRS 3.

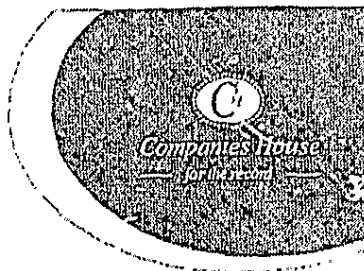


SWIFT

The design was to portray the machine's advanced features and fast performance with compact and appealing style, suitable for the mid 90's.

cosmetic and feature updates to these top selling models.





Crown Way Cardiff CF14 3UZ
www.companieshouse.gov.uk

NOTICE OF MISSING PAGES FROM THE MICROFICHE RECORD

Companies House regrets that pages are missing from documents on this company's microfiche record.

This has been noted but unfortunately steps taken to rectify this were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause.

COMPANY INFORMATION SUPPLIED BY COMPANIES HOUSE

Companies House is a registry of company information. We carry out basic checks to make sure that documents have been fully completed and signed, but we do not have the statutory power or capability to verify the accuracy of the information that companies send to us. We accept all information that companies deliver to us in good faith and place it on the public record. The fact that the information has been placed on the public record should not be taken to indicate that Companies House has verified or validated it in any way.