

AMSTRAD DIRECT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 1997



Company No: 3006505

AMSTRAD DIRECT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1997

Company registration number: 3006505

Registered office: Viglen House
Alperton Lane
Alperton
Middlesex
HA0 1DX

Directors: B Tkachuk
M E Ray

Secretary: M E Ray

Bankers: National Westminster Bank Plc
PO Box No 592
18 Cromwell Place
London
SW7 2LB

Auditors: Grant Thornton
Registered auditors
Chartered accountants
London

AMSTRAD DIRECT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1997

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AMSTRAD DIRECT LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the audited financial statements for the year ended 30 June 1997.

Principal activities

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

Business review

During the year the company ceased trading.

Results

The results for the year are set out on page 7. The profit for the year after taxation amounted to £121,515 (1996: loss £121,515). Retained profit for the year transferred to reserves was £121,515 (1996: loss £121,515).

Dividends

No dividend has been proposed for the current year.

Directors and directors' interests

Both directors served throughout the year.

Neither director has, or had, during the year or at the year end, any beneficial interests in the shares of the company.

The interests of Messrs B Tkachuk and M E Ray in the shares of the ultimate parent company are disclosed in the financial statements of Viglen Limited, the immediate parent company.

AMSTRAD DIRECT LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

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

- 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 company will continue in business.

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

Fixed assets

Details of movements in fixed assets of the company during the year are disclosed in note 6 to the financial statements.

Research and development

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

Health and safety

In accordance with the provision of the Health and Safety at Work Act 1974, the company has issued a written statement of its general policy with respect to the health, safety and welfare at work of its employees and the organisation and arrangements for carrying out that policy. The statement has been brought to the notice of all employees of the company.

Payment policy

It is the company's normal practice to pay its suppliers within agreed terms provided that the suppliers meet their obligations.

AMSTRAD DIRECT LIMITED

REPORT OF THE DIRECTORS

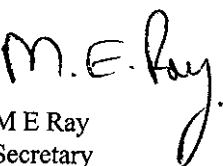
Employment of disabled persons

It is the policy of the company to give full and fair consideration to applications for employment from disabled persons, to continue wherever possible the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotion is afforded to such persons.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

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


M E Ray
Secretary

12 September 1997

REPORT OF THE AUDITORS TO THE MEMBERS OF

AMSTRAD DIRECT LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies as set out on pages 5 and 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON**

12 September 1997

AMSTRAD DIRECT LIMITED

PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards in the UK and under the historical cost convention. The accounting policies have remained unchanged from the previous year and are set out below.

Turnover

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

Depreciation

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

Motor vehicles	- 25% on cost
Fixtures and fittings	- 10% on cost

Tooling is depreciated over 12 months on a straight line basis.

Stocks and work in progress

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

Research and development

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

Foreign currencies

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

Deferred taxation

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

AMSTRAD DIRECT LIMITED

PRINCIPAL ACCOUNTING POLICIES

Warranty

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

AMSTRAD DIRECT LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30 JUNE 1997**

	Note	Year ended 30 June 1997 £	18 months ended 30 June 1996 £
Turnover	1	819,141	447,204
Operating costs	2	<u>(1,171,770)</u>	<u>(840,311)</u>
Operating loss and loss on ordinary activities before taxation	1,4	(352,629)	(393,107)
Tax on loss on ordinary activities	5	<u>474,144</u>	<u>271,592</u>
Profit/(loss) on ordinary activities after taxation		121,515	(121,515)
Dividends		<u>-</u>	<u>-</u>
Retained profit/(loss) for the period transferred to/(from) reserves	13	<u><u>121,515</u></u>	<u><u>(121,515)</u></u>

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

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


AMSTRAD DIRECT LIMITED

BALANCE SHEET AT 30 JUNE 1997

	Note	At 30 June 1997	At 30 June 1996
		£	£
Fixed assets			
Tangible assets	6	-	158,892
Current assets			
Stocks	7	-	24,900
Debtors	8	474,144	402,851
Cash at bank and in hand		6,068	57,580
		480,212	485,331
Creditors: amounts falling due within one year	9	(480,210)	(706,467)
Net current assets/(liabilities)		2	(221,136)
Total assets less current liabilities		2	(62,244)
Provisions for liabilities and charges			
Other provisions	10	-	(59,269)
		2	(121,513)
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account	13	-	(121,515)
Shareholders' funds	14	2	(121,513)

The financial statements were approved by the Board of Directors on 12 September 1997.

M E Ray



Director

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

AMSTRAD DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1997

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

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

2 OPERATING COSTS

	Year ended 30 June 1997 £	18 months ended 30 June 1996 £
Other operating income	(1,435)	(1,111)
Changes in stocks	24,900	(24,900)
Raw material and consumables	798,090	400,702
Other external charges	105,111	353,167
Staff costs	117,962	90,150
Depreciation	46,296	5,850
Loss on disposal of fixed assets	15,414	-
Other operating charges	65,432	16,453
	<u>1,171,770</u>	<u>840,311</u>

3 STAFF COSTS

Staff costs during the year were as follows:

	Year ended 30 June 1997 £	18 months ended 30 June 1996 £
Wages and salaries	107,275	82,111
Social security costs	10,687	8,039
	<u>117,962</u>	<u>90,150</u>

The average number of employees of the company during the year was 6 (1996: 21).

Neither director received emoluments or benefits from the company during the year.

AMSTRAD DIRECT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 1997****4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

Loss on ordinary activities before taxation is after charging:

	Year ended 30 June 1997 £	18 months ended 30 June 1996 £
Auditors remuneration: - Audit services	<u>3,000</u>	<u>6,000</u>

5 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit is based on the loss for the year and represents:

	Year ended 30 June 1997 £	18 months ended 30 June 1996 £
Group relief	<u>474,144</u>	<u>271,592</u>

6 TANGIBLE FIXED ASSETS

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation			
At 1 July 1996	145,342	19,400	164,742
Additions	9,943	-	9,943
Disposals	(155,285)	(19,400)	(174,685)
At 30 June 1997	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation			
At 1 July 1996	5,042	808	5,850
Charged in the year	41,704	4,592	46,296
Disposals	(46,746)	(5,400)	(52,146)
At 30 June 1997	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount at 30 June 1997	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount at 30 June 1996	<u>140,300</u>	<u>18,592</u>	<u>158,892</u>

AMSTRAD DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1997

7 STOCKS

	30 June 1997 £	30 June 1996 £
Raw materials, consumables and bought in products	-	24,900

8 DEBTORS

	30 June 1997 £	30 June 1996 £
Trade debtors	-	90,523
Amounts owed by group undertakings	-	40,736
Group relief receivable	474,144	271,592
	<u>474,144</u>	<u>402,851</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 1997 £	30 June 1996 £
Payments received on account	-	9,193
Trade creditors	-	20
Amounts owed to group undertakings	477,210	429,450
Other taxes and social security costs	-	78,110
Accruals and deferred income	3,000	189,694
	<u>480,210</u>	<u>706,467</u>

10 PROVISIONS FOR LIABILITIES AND CHARGES

	30 June 1997 £
At 1 July 1996	
Released during the period	59,269
At 30 June 1997	<u>(59,269)</u>
	<u>-</u>

These provisions related to the expected future cost of providing warranty support.

AMSTRAD DIRECT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 1997****11 DEFERRED TAXATION**

	Amount provided		Amount unprovided	
	30 June 1997	30 June 1996	30 June 1997	30 June 1996
	£	£	£	£
Accelerated capital allowances	-	-	-	(26,698)
Other timing differences	-	-	-	(13,402)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,100)</u>

12 SHARE CAPITAL

	30 June 1997	30 June 1996
	£	£
Authorised, allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

13 PROFIT AND LOSS ACCOUNT

	Year ended 30 June 1997	18 months ended 30 June 1996
	£	£
At 1 July 1996	(121,515)	-
Retained profit/(loss) for the period	<u>121,515</u>	<u>(121,515)</u>
At 30 June 1997	<u>-</u>	<u>(121,515)</u>

AMSTRAD DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1997

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 30 June 1997 £	18 months ended 30 June 1996 £
Profit/(loss) for the financial period	121,515	(121,515)
Share capital issued	-	2
Net increase/(decrease) in shareholders' funds	121,515	(121,513)
Shareholders' funds at 1 July 1996	(121,513)	-
Shareholders' funds at 30 June 1997	2	(121,513)

15 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 1997 or 30 June 1996.

16 CONTROLLING RELATED PARTY

The directors consider that the parent undertaking of this company is Viglen Limited and the ultimate parent undertaking and controlling related party is Amstrad plc, both of which are registered in England and Wales.

The company has taken advantage of the exemptions conferred by Financial Reporting Standard Number 8, Related Party Transactions in respect of transactions with group undertakings.

The largest group of undertakings for which group accounts have been drawn up is that headed by Amstrad plc. Copies of the group accounts are available from Viglen House, Alperton Lane, Alperton, Middlesex, HA0 1DX.

On 4 August 1997, the entire share capital of Amstrad plc was acquired by Viglen Technology plc in a corporate restructuring. As of that date, the directors consider that the ultimate parent undertaking and controlling related party is Viglen Technology plc.

The first group accounts for Viglen Technology plc will be for the period ending 30 June 1998.