

AMSPROP LONDON LIMITED

**Report and Financial Statements
30 April 2002**



REPORT AND FINANCIAL STATEMENTS 2002

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REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir Alan Sugar
Lady Ann Sugar
Colin T Sandy
Louise J Baron (née Sugar)
Andrew N Cohen

SECRETARY

Colin T Sandy

REGISTERED OFFICE

Brentwood House
169 Kings Road
Brentwood
Essex CM14 4EF

BANKERS

Nordea Bank
8th Floor
City Place House
55 Basinghall Street
London EC2B 5NB

Lloyds TSB Bank Plc
City Office
11-15 Monument Street
London EC3V 9JA

AUDITORS

Deloitte & Touche
Chartered Accountants
London

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2002.

ACTIVITIES

The principal activity of the company is the holding of investment property.

REVIEW OF DEVELOPMENTS

The profit and loss account for the year is set out on page 5.

DIVIDENDS

The directors do not propose the payment of a dividend (2001 – £nil).

FUTURE PROSPECTS

There are no planned changes to the company's activities.

DIRECTORS AND THEIR INTERESTS

The directors who held office throughout the year are listed below:

Sir Alan Sugar
Lady Ann Sugar
Colin T Sandy
Louise J Baron (née Sugar)
Andrew N Cohen

The following directors who held office at 30 April 2002 had interests in the shares of the company:

	Ordinary shares of £1 each	
	2002	2001
Sir Alan M Sugar	41,490,000	41,490,000

The other directors did not have any interests in the shares of the company throughout the year ended 30 April 2002, (2001 – none).

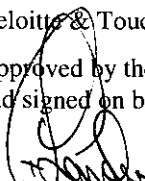
POST BALANCE SHEET EVENTS

On 21 May 2002, the Company purchased an additional investment property for £4,005,719.

AUDITORS

Pursuant to S386 of the Companies Act the obligation to reappoint auditors has been dispensed with. Accordingly, Deloitte & Touche will continue in office until a resolution to the contrary is passed.

Approved by the Board of Directors
and signed on behalf of the Board


Colin T Sandy
Secretary

10 December 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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; and
- prepare the financial statements on a 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AMSPROP LONDON LIMITED**

We have audited the financial statements of Amsprop London Limited for the year ended 30 April 2002 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 as at 30 April 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Chartered Accountants and Registered Auditors
London

10 December 2002

PROFIT AND LOSS ACCOUNT
For the year ended 30 April 2002

	Note	2002 £	2001 £
TURNOVER	2	744,072	876,680
Cost of sales		(864,268)	(1,340,965)
GROSS LOSS		(120,196)	(464,285)
Administrative expenses		(32,464)	(50,251)
Other operating income/ (expense)		1,929	(263)
OPERATING LOSS	4	(150,731)	(514,799)
Interest receivable and similar income		321,588	445,131
Interest payable and similar charges	5	(1,928)	(25)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		168,929	(69,693)
Tax on profit/(loss) on ordinary activities	6	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		168,929	(69,693)
Accumulated deficit brought forward		(32,409,336)	(32,339,643)
Accumulated deficit carried forward		(32,240,407)	(32,409,336)

All activities derive from continuing operations.

There is no difference between the reported profit on ordinary activities after taxation and the equivalent historical cost amount.

BALANCE SHEET
30 April 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Investment property	7	1,023,000	979,000
Tangible fixed assets	8	394	1,052
		<u>1,023,394</u>	<u>980,052</u>
CURRENT ASSETS			
Debtors	9	21,518	530
Investments		238,159	379,920
Cash at bank and in hand		8,043,319	7,764,814
		<u>8,302,996</u>	<u>8,145,264</u>
CREDITORS: amounts falling due within one year			
Trade creditors		(3,525)	-
Accruals and deferred income		(14,626)	(30,006)
		<u>(18,151)</u>	<u>(30,006)</u>
NET CURRENT ASSETS		<u>8,284,845</u>	<u>8,115,258</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,308,239</u>	<u>9,095,310</u>
CAPITAL AND RESERVES			
Called up share capital	11	41,490,000	41,490,000
Profit and loss account - deficit		(32,240,407)	(32,409,336)
Revaluation reserve		58,646	14,646
EQUITY SHAREHOLDERS' FUNDS	12	<u>9,308,239</u>	<u>9,095,310</u>

These financial statements were approved by the Board of Directors on *10 December* 2002.

Signed on behalf of the Board of Directors


C T Sandy
Director

10 December 2002

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 April 2002

	2002	2001
	£	£
Profit for the financial year	168,929	(69,693)
Unrealised surplus on revaluation of property	44,000	14,646
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	<u>212,929</u>	<u>(55,047)</u>

NOTES TO THE ACCOUNTS**Year ended 30 April 2002****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting policies. Compliance with SSAP 19 "Accounting for investment properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given below. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention modified by the revaluation of certain freehold properties.

Investment properties

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. Any diminution in value which is believed to be permanent is written off to the profit and loss account in the year in which it arises. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principles set out in SSAP 19. The directors consider that, as these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Investments

Current asset investments are held at the lower of cost and net realisable value.

Depreciation

Depreciation is calculated to write off the cost, less estimated residual value, of tangible fixed assets over their estimated useful lives. The annual depreciation method for office equipment is 25% on a reducing balance basis.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services and sale of current asset investments which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax loss all arises in the United Kingdom.

3. STAFF COSTS

The company has no employees (2001 – none). The directors received no emoluments during the year (2001 – £nil).

NOTES TO THE ACCOUNTS

Year ended 30 April 2002

4. OPERATING LOSS

The audit fee for the year was £4,620 (2001 – £3,452).

Remuneration of the company's auditors for provision of non-audit services was £nil (2001 – £5,016).

Depreciation on owned assets was £153 (2001 – £351).

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Interest payable and bank charges	1,928	25

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

No tax liability arose in the year ended 30 April 2002 due to the availability of tax losses brought forward.

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 30% (2001: 30%). The differences are explained below:

	2002 £	2001 £
Profit/(loss) on ordinary activities before tax	168,929	(69,693)
Tax at 30% thereon:	(50,679)	20,907
Effects of:		
Expenses not deductible for tax purposes	(16,246)	(160,721)
Utilisation of tax losses	107,955	139,814
UK dividend income	579	-
Capital losses the year	(41,609)	-
Current tax charge for the year	-	-

7. INVESTMENT PROPERTY

	Freehold £
At 1 May 2001	979,000
Net surplus on revaluation during the year	44,000
At 30 April 2002	1,023,000
Representing	
Properties valued	
Cost	964,354
Net surplus	58,646
	1,023,000

The investment property was valued by the directors at 30 April 2002 on an open market basis.

NOTES TO THE ACCOUNTS

Year ended 30 April 2002

On 21 May 2002, the Company purchased an additional investment property for £3,000,000.

8. TANGIBLE FIXED ASSETS

	Office equipment £
Cost	
At 1 May 2001	1,530
Disposals	(765)
At 30 April 2002	<u>765</u>
Depreciation	
At 1 May 2001	478
Charge for the year	153
Disposal	(260)
At 30 April 2002	<u>371</u>
Net book value	
At 30 April 2002	<u>394</u>
At 30 April 2001	<u>1,052</u>

9. DEBTORS

	2002 £	2001 £
Other debtors	530	530
Prepayments and accrued income	20,988	-
	<u>21,518</u>	<u>530</u>

10. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax has not been provided on revaluations of fixed assets. This tax will only become payable if the assets are sold and rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £17,594.

11. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised:		
50,000,000 ordinary shares of £1 each	<u>50,000,000</u>	<u>50,000,000</u>
Called up, allotted and fully paid:		
41,490,000 ordinary shares of £1 each	<u>41,490,000</u>	<u>41,490,000</u>

NOTES TO THE ACCOUNTS**Year ended 30 April 2002****12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2002 £	2001 £
Opening shareholders' funds	9,095,310	9,150,357
Profit/(loss) for the financial year	168,929	(69,693)
Surplus on valuation during the year	44,000	14,646
Closing shareholders' funds	<u>9,308,239</u>	<u>9,095,310</u>

13. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The company is owned by Sir Alan Sugar.

During the year the company was charged £27,188 (2001 – £25,000) by Amsprop Trading Limited, a company which is indirectly controlled by Sir Alan Sugar, for administrative services.