

TILEYARD PROPERTIES LIMITED

Report and Financial Statements

30 April 2000



**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**

REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir Alan Sugar
Lady Ann Sugar (appointed 15 May 2000)
Colin T Sandy
Louise J Sugar (appointed 15 May 2000)
Andrew N Cohen (appointed 15 May 2000)
Daniel P Sugar (appointed 17 December 2000; resigned 12 January 2001)

SECRETARY

Colin T Sandy

REGISTERED OFFICE

Brentwood House
169 Kings Road
Brentwood
Essex CM14 4EF

BANKERS

Merita Bank
19 Thomas More Street
London E1 9YW

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

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2000.

ACTIVITIES

The principal activity of the company is the holding of investments.

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 (1999 - £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
C T Sandy

The following directors have been appointed since the year end:

Lady Ann Sugar	(appointed 15 May 2000)
Louise J Sugar	(appointed 15 May 2000)
Andrew N Cohen	(appointed 15 May 2000)
Daniel P Sugar	(appointed 17 December 2000; resigned 12 January 2001)

The following directors who held office at 30 April 2000 had interests in the shares of the company:

	Ordinary shares of £1 each	
	2000	1999
Sir Alan M Sugar	41,490,000	41,490,000

The other directors did not have any interests in the shares of the company during the year ended 30 April 2000, (1999 - none).

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

Colin T Sandy
Secretary

23 February 2001

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 as at the end of the financial period 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;
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF TILEYARD PROPERTIES LIMITED

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 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 2000 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

23 February 2001

PROFIT AND LOSS ACCOUNT
For the year ended 30 April 2000

	Note	2000 £	1999 £
TURNOVER	2	1,802,512	358,173
Cost of sales		(1,567,080)	(93,943)
Gross profit		235,432	264,230
Administrative expenses		(62,419)	(142,898)
Other operating income		35,664	136,575
Profit on sale of investment property		364,527	-
Release of provision against investment property		-	769,350
OPERATING PROFIT	4	573,204	1,027,257
Interest receivable and similar income		155,024	14,508
Interest payable and similar charges	5	(270)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		727,958	1,041,765
Tax on profit on ordinary activities	6	-	-
PROFIT FOR THE FINANCIAL YEAR		727,958	1,041,765
Accumulated deficit brought forward		(33,067,601)	(34,109,366)
Accumulated deficit carried forward		(32,339,643)	(33,067,601)

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.

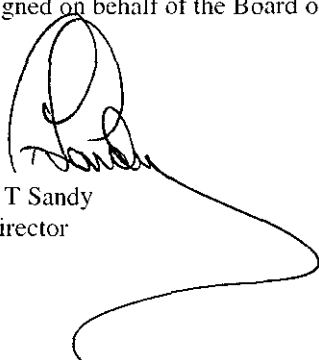
There were no recognised gains or losses in the year or preceding year except for the profit for the financial year.

BALANCE SHEET
30 April 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Investment property	7	-	8,020,300
Tangible fixed assets	8	1,403	-
		<u>1,403</u>	<u>8,020,300</u>
CURRENT ASSETS			
Debtors	9	62,487	34,580
Cash at bank and in hand		8,253,487	624,340
Investments		855,667	-
		<u>9,171,641</u>	<u>658,920</u>
CREDITORS: amounts falling due within one year	10	<u>(22,687)</u>	<u>(256,821)</u>
NET CURRENT ASSETS		<u>9,148,954</u>	<u>402,099</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,150,357</u>	<u>8,422,399</u>
CAPITAL AND RESERVES			
Called up share capital	11	41,490,000	41,490,000
Profit and loss account - deficit		<u>(32,339,643)</u>	<u>(33,067,601)</u>
EQUITY SHAREHOLDERS' FUNDS	12	<u>9,150,357</u>	<u>8,422,399</u>

These financial statements were approved by the Board of Directors on 23 February 2001.

Signed on behalf of the Board of Directors


C T Sandy
Director

NOTES TO THE ACCOUNTS**For the year ended 30 April 2000****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. 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 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.

2. TURNOVER

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

3. STAFF COSTS

The company has no employees (1999 - none). The directors received no emoluments during the year (1999 - £nil).

4. OPERATING PROFIT

The audit fee for the year was £2,000 (1999 - £1,600).

Remuneration of the company's auditors for provision of non-audit services was £1,881 (1999 - £925).

NOTES TO THE ACCOUNTS

For the year ended 30 April 2000

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Bank charges	270	-

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

No tax liability arises in the year ended 30 April 2000 due to the availability of tax losses brought forward.

7. INVESTMENT PROPERTY

	Freehold £
At 1 May 1999	8,020,300
Sale of property	(8,020,300)
At 30 April 2000	-

8. TANGIBLE FIXED ASSETS

	Office equipment £
Cost	
At 1 May 1999	-
Additions	1,530
At 30 April 2000	1,530
Depreciation	
At 1 May 1999	-
Charge for the year	127
At 30 April 2000	127
Net book value	
At 30 April 2000	1,403
At 30 April 1999	-

NOTES TO THE ACCOUNTS

For the year ended 30 April 2000

9. DEBTORS

	2000 £	1999 £
Trade debtors	3,045	15,429
Other debtors	57,126	17,188
Prepayments and accrued income	2,316	1,963
	<u>62,487</u>	<u>34,580</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Trade creditors	-	3,664
Amounts owed to associate company	-	30,930
Other creditors	-	93,651
Accruals and deferred income	22,687	128,576
	<u>22,687</u>	<u>256,821</u>

11. CALLED UP SHARE CAPITAL

	2000 £	1999 £
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>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Opening shareholders' funds	8,422,399	7,380,634
Profit for the financial year	727,958	1,041,765
Closing shareholders' funds	<u>9,150,357</u>	<u>8,422,399</u>

13. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The company is owned by Sir Alan Sugar.

During the year the company was charged £25,000 by Amsprop Trading Limited, a company which is indirectly controlled by Sir Alan Sugar, for administrative services. At 30 April 2000 a balance of £nil, (1999 - £nil) was included within accruals in respect of uninvoiced amounts due to Amsprop Trading Limited.