

AMSPROP LONDON LIMITED
FINANCIAL STATEMENTS
FOR THE SEVENTEEN MONTHS
PERIOD ENDED
30 SEPTEMBER 2003

Company No: 2344929



AMSPROP LONDON LIMITED

FINANCIAL STATEMENTS

FOR THE SEVENTEEN MONTHS PERIOD ENDED 30 SEPTEMBER 2003

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AMSPROP LONDON LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Company registration number: 2344929

Registered office: Brentwood House
169 Kings Road
Brentwood
Essex CM14 4EF

Directors: Sir Alan Sugar
Lady Ann Sugar
Colin T Sandy
Louise J Baron
Andrew N Cohen
Daniel Sugar

Secretary: Colin T Sandy

Bankers: Credit Suisse (UK) Limited
Five Cabot Square
London
E14 4QR

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

Auditors: Deloitte & Touche LLP
Chartered Accountants
London

AMSPROP LONDON LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the seventeen months period ended 30 September 2003.

Principal activities

The principal activity of the company is the holding of investment property and investing in companies in the IT Sector.

Review of Business

During the period the company expanded its property portfolio and acquired four new subsidiaries. The company is now the ultimate parent company of Viglen Technology Limited, Viglen Limited, Xenon Network Services Limited and Vigecom Limited. The company also indirectly has two associated companies Pedegog Limited (trading as AtSchool) and IntY Limited. Pedegog Limited has not been consolidated on the grounds of materiality.

Viglen

Viglen is a successful IT company, which principally focuses on the education market. It has experienced strong growth throughout the period of its ownership, and made a significant contribution to the group's profit for the period to 30 September 2003.

Xenon

Xenon continues to support the Viglen business through its national engineering base. The company also continues to win support contracts, mainly within higher education, and to design, install and support large Storage Area Networks.

IntY

IntY was profitable during this current period since its acquisition. The company still has a deficit balance sheet and relies on a bank guarantee for support. However, the monthly service charge income now exceeds its monthly running costs. It is forecasting to clear its overdraft before the end of 2004 and to start to make a contribution to the group results the following year.

AtSchool

The company has made a small profit in the period. It continues to look for ways to expand its customer base and to capitalise on schools e-learning credits.

Vigecom

Vigecom did not trade during the period. It is used as the holding company for its 26% investment in IntY Limited

Dividends

The directors do not propose payment of a dividend (2002:£nil).

Future prospects

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

AMSPROP LONDON LIMITED

REPORT OF THE DIRECTORS (continued)

Directors and their interests

Daniel Sugar was appointed as a director on 13 December 2002 the other directors who are listed on page 1 held office throughout the period.

The following directors who held office at 30 September 2003 had interests in shares of the company:

	Ordinary share of £1 each	
	2003	2002
Sir Alan M Sugar	41,490,000	41,490,000

Colin Sandy holds an interest in 200 ordinary shares in Viglen Technology Limited (see note 26). The other directors did not have any interests in the shares of the company throughout the period ended 30 September 2003.

Payment Policy

It is the company's normal practise to pay its suppliers within the agreed payment terms provided that the suppliers meet their obligations. Trade creditors at the period end amounted to 53 days (2002:1 day).

Political and Charitable Donations

The group made Charitable donation of £50,000 (2002:£nil) during the period. No political donations were made (2002:£nil).

Directors' responsibilities for the financial statements

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 the affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

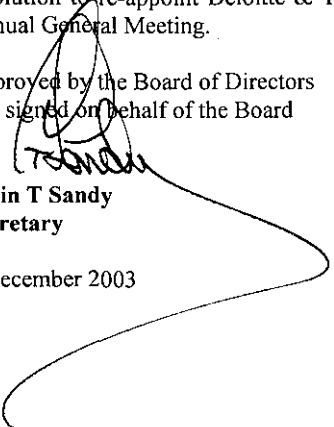
- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting standards have been followed;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records 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.

Auditors

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor 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

8 December 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMSPROP LONDON LIMITED

We have audited the financial statements of Amsprop London Limited for the seventeen month period ended 30 September 2003 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement the principal accounting policies, and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 period and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit 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 September 2003 and of its profit for the seventeen months then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London
8 December 2003

AMSPROP LONDON LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

FOR THE SEVENTEEN MONTH PERIOD ENDED 30 SEPTEMBER 2003

	Note	17 months ended 30 September 2003		Year ended 30 April 2002	
		£	£	£	£
TURNOVER	1				
Continuing activities		1,442,748		744,072	
Acquisitions		<u>66,656,572</u>		<u>-</u>	
			68,099,320		744,072
Operating costs	2		<u>(61,082,852)</u>		<u>(894,803)</u>
OPERATING PROFIT/(LOSS)					
Continuing activities		1,098,257		(150,731)	
Acquisitions		<u>5,918,211</u>		<u>-</u>	
Total Operating Profit/(Loss)			7,016,468		(150,731)
Share of profit in associated undertakings	9		<u>48,054</u>		<u>-</u>
Profit/(Loss) on ordinary activities before interest			7,064,522		(150,731)
Net Interest income	4		<u>455,280</u>		<u>319,660</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5		7,519,802		168,929
Tax on profit on ordinary activities	6		<u>(1,981,419)</u>		<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			5,538,383		168,929
Equity minority interest	23		(1,371,760)		-
Non-equity minority interest	23		<u>(44,881)</u>		<u>-</u>
Profit attributable to shareholders			<u>4,121,742</u>		<u>168,929</u>

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

17 month period ended 30 September 2003

	17 months ended 30 September 2003	Year ended 30 April 2002
	£	£
Profit for the financial period	4,121,742	168,929
Unrealised (deficit)/surplus on revaluation of property	<u>(57,897)</u>	<u>44,000</u>
Total recognised gains and losses relating to the period	<u>4,063,845</u>	<u>212,929</u>

AMSPROP LONDON LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2003

	Note	As at 30 September 2003	As at 30 April 2002
		£	£
Fixed assets			
Investment property	7	4,996,000	1,023,000
Fixed Assets	8	11,493,582	394
Goodwill	10	5,435,614	-
		<u>21,925,196</u>	<u>1,023,394</u>
Current assets			
Stocks	11	4,958,118	-
Debtors	12	15,050,650	21,518
Investments	13	83,665	238,159
Cash at bank and in hand		<u>11,219,211</u>	<u>8,043,319</u>
		31,311,644	8,302,996
Creditors: amounts falling due within one year	14	<u>(24,577,409)</u>	<u>(18,151)</u>
Net Current Assets		<u>6,734,235</u>	<u>8,284,845</u>
Total assets less current liabilities		28,659,431	9,308,239
Creditors: amounts falling due after one year	15	(3,538,354)	-
Provisions for liabilities and charges	17	<u>(4,783,233)</u>	<u>-</u>
		<u>20,337,844</u>	<u>9,308,239</u>
Capital and reserves			
Called up share capital	18	41,490,000	41,490,000
Profit and loss account	19	(28,118,665)	(32,240,407)
Revaluation reserve	21	749	58,646
Equity shareholders' funds	22	13,372,084	9,308,239
Equity minority interest	23	1,374,760	-
Non equity minority interest	23	5,591,000	-
		<u>20,337,844</u>	<u>9,308,239</u>

These financial statements were approved by the Board of Directors on 8 December 2003

Signed on behalf of the Board of Directors.


Sir Alan Sugar
Director

AMSPROP LONDON LIMITED

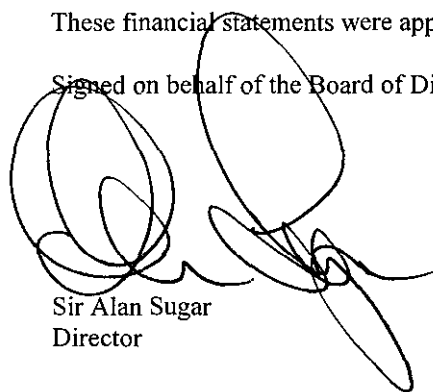
COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2003

	Note	As at 30 September 2003	As at 30 April 2002
		£	£
Fixed assets			
Investment property	7	4,996,000	1,023,000
Fixed Assets	8	-	394
Investments	9	7,000	-
		<u>5,003,000</u>	<u>1,023,394</u>
Current assets			
Debtors	12	120,583	21,518
Investments	13	83,665	238,159
Cash at bank and in hand		<u>5,470,900</u>	<u>8,043,319</u>
		5,675,148	8,302,996
Creditors: amounts falling due within one year	14	<u>(80,468)</u>	<u>(18,151)</u>
Net Current Assets		<u>5,594,680</u>	<u>8,284,845</u>
Total assets less current liabilities		<u>10,597,680</u>	<u>9,308,239</u>
Capital and reserves			
Called up share capital	18	41,490,000	41,490,000
Profit and loss account	19	(30,893,069)	(32,240,407)
Revaluation reserve	21	<u>749</u>	<u>58,646</u>
Equity Shareholders' funds		<u>10,597,680</u>	<u>9,308,239</u>

These financial statements were approved by the Board of Directors on 8 December 2003

Signed on behalf of the Board of Directors.



Sir Alan Sugar
Director

AMSPROP LONDON LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SEVENTEEN MONTH PERIOD ENDED 30 SEPTEMBER 2003

	Note	17 months ended 30 September 2003 £	Year ended 30 April 2002 £
Net cash inflow/(outflow) from operating activities	24	5,532,014	(41,660)
Return on investments and servicing of finance			
Interest received		457,325	321,588
Interest paid		(2,045)	(1,928)
Dividends paid to minority interests	23	<u>(44,881)</u>	<u>-</u>
Net cash inflow from returns on investments and servicing of finance		410,599	319,660
Taxation			
Corporation tax paid		(707,711)	-
Acquisitions and disposals			
Purchase of Subsidiaries	26	(412,140)	-
Capital expenditure and financial investments			
Purchase of investment properties		(4,030,897)	-
Purchase of tangible fixed assets		(2,268,194)	-
Sale of tangible fixed assets		<u>99,114</u>	<u>505</u>
Net cash (outflow)/inflow from capital expenditure and financial investments		(6,199,977)	505
Financing			
Issue of shares of subsidiary undertaking to minority interest		3,000	-
(Decrease)/Increase in cash in period	25	<u>(1,374,415)</u>	<u>278,505</u>

AMSPROP LONDON LIMITED
PRINCIPAL 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.

a) Accounting convention

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

b) Turnover

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

c) Consolidation

The group financial statements consolidate those of the company and all subsidiaries. On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the group's share of net separable assets. Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition and amortised over its estimated useful life.

d) 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.

e) Managed Services

Assets used in providing managed services are capitalised at cost. These assets are then depreciated over the life of the contract. Revenue from these contracts are recognised over the life of the contract in line with the services provided.

f) Investments

In the consolidated accounts, shares in associated undertakings are accounted for using the equity method. The consolidated profit and loss account includes the group's share of the pre-tax results and attributable taxation of the associated undertakings based on audited financial statements for the financial year. In the consolidated balance sheet, the investment in associated undertakings is shown at the group's share of the net assets of the associated undertakings. Goodwill arising on the acquisition of an associate is capitalised as part of the carrying amount in the consolidated balance sheet and amortised over its estimated useful life.

AMSPROP LONDON LIMITED
PRINCIPAL ACCOUNTING POLICIES (Continued)

g) Current Asset investments

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

h) 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.

i) Research and development

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

j) Foreign currencies

Transactions in foreign currencies are translated at the exchange rates 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.

k) 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 income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

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.

l) 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.

m) Contributions to pension funds

The company operates a defined contribution pension scheme in respect of certain employees and pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

n) Leased assets

All current leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

AMSPROP LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SEVENTEEN MONTH PERIOD ENDED 30 SEPTEMBER 2003

1 TURNOVER AND SEGMENTAL RESULTS

Turnover, net assets and profit on ordinary activities before taxation are attributable to the manufacture and marketing of computers peripherals and software and the management of networked solutions. Additionally turnover is also derived from the 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 operating profit arise predominantly in the United Kingdom Turnover operating profit and net assets are analysed as follows.

	17 months ended 30 September 2003 £	Year ended 30 April 2002 £
Turnover		
IT Market	66,656,572	-
Property and shares	1,442,748	744,072
	<u>68,099,320</u>	<u>744,072</u>
Operating Profit/(loss)		
IT Market	5,918,211	-
Property and shares	1,098,257	(150,731)
	<u>7,016,468</u>	<u>(150,731)</u>
Net Assets		
IT Market	9,740,164	-
Property and shares	10,597,680	9,308,239
	<u>20,337,844</u>	<u>9,308,239</u>

2 OPERATING COSTS

	Continuing Operations £	Acquisitions £	17 months ended 30 September 2003 £	Year ended 30 April 2002 £
Other operating income	327	9,274	9,601	1,929
Changes in work in progress and finished goods	-	124,086	124,086	
Raw materials and consumables	(288,108)	(41,591,263)	(41,879,371)	(864,268)
Other external charges	(56,316)	(5,019,117)	(5,075,433)	(32,311)
Staff costs	-	(8,412,681)	(8,412,681)	-
Depreciation	(394)	(5,359,089)	(5,359,483)	(153)
Profit on sale of fixed asset	-	54,767	54,767	-
Amortisation of goodwill	-	(474,422)	(474,422)	-
Other operating charges	-	(69,916)	(69,916)	-
	<u>(344,491)</u>	<u>(60,738,361)</u>	<u>(61,082,852)</u>	<u>(894,803)</u>

3 STAFF COSTS

Staff costs during the period were as follows

	17 months ended 30 September 2003 £	Year ended 30 April 2002 £
Wages and salaries	7,582,202	-
Social Security costs	798,108	-
Pension costs	32,371	-
	<u>8,412,681</u>	<u>-</u>

The average number of employees during the period was 335 (2002:nil)

Directors' emoluments	<u>83,333</u>	<u>-</u>
Highest paid Director	<u>83,333</u>	<u>-</u>

AMSPROP LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SEVENTEEN MONTH PERIOD ENDED 30 SEPTEMBER 2003

4 NET INTEREST INCOME

	17 months ended 30 September 2003 £	Year ended 30 April 2002 £
Interest receivable	457,325	321,588
Interest payable	(2,045)	(1,928)
Net interest income	<u>455,280</u>	<u>319,660</u>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is after charging:

	17 months ended 30 September 2003 £	Year ended 30 April 2002 £
Depreciation of fixed assets	5,359,483	153
Auditors' remuneration		
- audit fees - company	5,000	4,620
- other	42,000	-
- non audit services	22,764	-
Hire of plant and machinery	182,022	-
Hire of other assets	127,274	-
Amortisation of goodwill	<u>474,422</u>	<u>-</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	17 months ended 30 September 2003 £	Year ended 30 April 2002 £
Group		
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 30%	2,615,149	-
Adjustment in respect of prior years' tax provisions	-	-
Total current taxation	<u>2,615,149</u>	<u>-</u>
Deferred taxation		
Movement in short term timing differences	632,432	-
Prior year adjustment	<u>1,298</u>	<u>-</u>
Tax on profit on ordinary activities.	<u>1,981,419</u>	<u>-</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge of the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

AMSPROP LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SEVENTEEN MONTH PERIOD ENDED 30 SEPTEMBER 2003

6 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Group	17 months ended 30 September 2003 £	Year ended 30 April 2002 £
Profit on ordinary activities before tax	7,519,802	168,929
Tax on profit on ordinary activities before tax at standard rate	(2,255,941)	(50,679)
Factors affecting charge for the year:		
Permanent differences	(122,938)	(16,246)
Capital allowances in excess of depreciation	(640,471)	-
Utilisation of brought forward losses	404,201	107,955
Other timing differences	-	579
Capital losses for year	-	(41,609)
Current tax charge for the year	(2,615,149)	-

Deferred tax has not been provided on revaluation of fixed assets. The 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 £225 (2002:£17,594).

7 INVESTMENT PROPERTY

	Freehold £
At 1 May 2002	1,023,000
Additions	4,030,897
Net deficit on revaluation during the year	(57,897)
At 30 April 2003	4,996,000
Representing	
Properties valued	
Cost	4,995,251
Net surplus	749
	4,996,000

The investment properties were valued by the directors at 30 September 2003 on an open market basis.

AMSPROP LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SEVENTEEN MONTH PERIOD ENDED 30 SEPTEMBER 2003

8 TANGIBLE FIXED ASSETS

Group	Freehold Property £	Leasehold Improve- ment £	Managed Service Assets £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost						
At 1 May 2002	-	-	-	765	-	765
Additions		700	2,078,132	125,519	63,843	2,268,194
On Acquisition	27,365	810,602	15,719,547	6,569,703	726,830	23,854,047
Disposals	(27,365)	-	(18,877)	(2,624,239)	(182,663)	(2,853,144)
At 30 September 2003	-	811,302	17,778,802	4,071,748	608,010	23,269,862
Depreciation						
At 1 May 2002		-	-	371	-	371
Charged in the period	830	23,612	4,913,434	315,525	106,082	5,359,483
On Acquisition	4,412	752,127	2,139,357	5,853,040	476,287	9,225,223
Disposals	(5,242)	-	(18,877)	(2,624,017)	(160,661)	(2,808,797)
At 30 September 2003	-	775,739	7,033,914	3,544,919	421,708	11,776,280
Net book value						
At 30 September 2003	-	35,563	10,744,888	526,829	186,302	11,493,582
Net book value						
At 30 April 2002	-	-	-	394	-	394

During the period £12,377,738 (2002:£nil) of revenue was recognised in respect of Managed Services. The company fixed asset of £394 were written off during the year.

9 FIXED ASSET INVESTMENTS

The group's associated undertakings at 30 September 2003 were a 26% shareholding in IntY Limited and a 49% , shareholding in Pedegog Limited (trading as AtSchool), both companies are incorporated in Great Britain. Both companies were acquired on 11 December 2002 (see note 26). The Directors believe that Pedegog Limited is immaterial to the group accounts, and has not been consolidated on the grounds of materiality.

Company	£
Investment in subsidiary	
At 1 May 2002	-
Investment in period	7,000
At 30 September 2003	7,000

The subsidiary investment at 30 September 2003 is a 70% shareholding in Viglen Technology Limited (formerly Willstar Limited) on 11 December 2002 (see note 26).

The company's principal subsidiary undertakings are Viglen Limited, Xenon Network Services Limited, Vigecom Limited and Viglen Technology Limited, which all operate in the United Kingdom and engage in the group's principal activity. Viglen Technology Limited wholly owns Viglen Limited, Xenon Network Services Limited and Vigecom Limited and is itself 70% owned by Amsprop London Limited.

AMSPROP LONDON LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE SEVENTEEN MONTH PERIOD ENDED 30 SEPTEMBER 2003

10 GOODWILL

On 11 December 2002 the company acquired a 70% interest in Willstar (now Viglen Technology Limited) (see note 26) as a result of the Willstar acquisition goodwill of £5,910,036 was generated. This is being amortised over ten years from 11 December 2002.

Group	Cost £	Amorisation £	Net Book Value £
At 1 May 2002	-	-	-
Arising on acquisitions	5,910,036	-	5,910,036
Amortisation during period	-	(474,422)	(474,422)
At 30 September 2003	<u>5,910,036</u>	<u>(474,422)</u>	<u>5,435,614</u>

11 STOCKS

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Raw materials and consumables	3,635,040	-	-	-
Working progress and finished goods	<u>1,323,078</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,958,118</u>	<u>-</u>	<u>-</u>	<u>-</u>

12 DEBTORS

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Trade Debtors	14,030,533	-	118,870	-
Other debtors	23,451	530	532	530
Prepayments	425,005	20,988	1,181	20,988
Corporation Tax recoverable	259,992	-	-	-
Deferred Tax	<u>311,669</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>15,050,650</u>	<u>21,518</u>	<u>120,583</u>	<u>21,518</u>

13 INVESTMENTS

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Shares at market value	<u>83,665</u>	<u>238,159</u>	<u>83,665</u>	<u>238,159</u>

The investments are all shares traded on a recognised stock exchange and are valued at the lower of cost or net realisable value on 30 September 2003.

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Trade creditors	6,156,709	3,525	-	3,525
Other taxes and social security costs	1,643,876	-	-	-
Accruals	1,513,744	14,626	80,468	14,626
Deferred income	13,407,321	-	-	-
Corporation tax	<u>1,855,759</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>24,577,409</u>	<u>18,151</u>	<u>80,468</u>	<u>18,151</u>

AMSPROP LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SEVENTEEN MONTH PERIOD ENDED 30 SEPTEMBER 2003

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Deferred income				
Between one and two years	2,661,394	-	-	-
Between two and three years	876,960	-	-	-
	<u>3,538,354</u>	<u>-</u>	<u>-</u>	<u>-</u>

16 DEFERRED TAX

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Movement on deferred taxation				
At 1 May 2002	-	-	-	-
On acquisition of subsidiaries	322,061	-	-	-
Credit to profit and loss account	(633,730)	-	-	-
At 30 September 2003	<u>(311,669)</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Capital allowances in excess of depreciation	(293,208)	-	-	-
Short term timing differences	(18,461)	-	-	-
Deferred tax liability/(asset)	<u>(311,669)</u>	<u>-</u>	<u>-</u>	<u>-</u>

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Warranty £	Share of net liabilities of associate £	Total £
At May 2002	-	-	-
On acquisition	3,312,883	208,837	3,521,720
Utilised during the period	(1,862,717)	-	(1,862,717)
Providing during the period	3,172,284	-	3,172,284
Retained profit in period	-	(48,054)	(48,054)
At 30 September 2003	<u>4,622,450</u>	<u>160,783</u>	<u>4,783,233</u>

The majority of the warranty provision will be utilised within two years.

18 CALLED UP SHARE CAPITAL

	30 September 2003 Ordinary Shares of £1 each		30 April 2002 Ordinary Shares of £1 each	
	Number	£	Number	£
Authorised	50,000,000	50,000,000	50,000,000	50,000,000
Called up, allotted and fully paid	<u>41,490,000</u>	<u>41,490,000</u>	<u>41,490,000</u>	<u>41,490,000</u>

AMSPROP LONDON LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE SEVENTEEN MONTH PERIOD ENDED 30 SEPTEMBER 2003

19 PROFIT AND LOSS ACCOUNT

	Group £	Company £
At 1 May 2002	(32,240,407)	(32,240,407)
Retained profit for the period	<u>4,121,742</u>	<u>1,347,338</u>
At 30 September 2003	<u>(28,118,665)</u>	<u>(30,893,069)</u>

20 PROFIT FOR THE FINANCIAL PERIOD

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit after taxation for the financial period amounts to £1.3m (2002:£0.2m).

21 REVALUATION RESERVE

	Group £	Company £
At 1 May 2002	58,646	58,646
Deficit on revaluations during period	<u>(57,897)</u>	<u>(57,897)</u>
At 30 September 2003	<u>749</u>	<u>749</u>

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Opening shareholders' funds	9,308,239	9,095,310
Profit for financial period	4,121,742	168,929
(Deficit)/surplus on valuation, during the year	<u>(57,897)</u>	<u>44,000</u>
Closing shareholders' funds	<u>13,372,084</u>	<u>9,308,239</u>

23 MINORITY INTERESTS

	Equity £	Non Equity £	Total £
At 1 May 2003	-	-	-
On acquisition	3,000	5,591,000	5,594,000
Arising in period	1,371,760	44,881	1,416,641
Dividend paid to preference shareholders of subsidiary undertaking	-	(44,881)	(44,881)
	<u>1,374,760</u>	<u>5,591,000</u>	<u>6,965,760</u>

AMSPROP LONDON LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE SEVENTEEN MONTH PERIOD ENDED 30 SEPTEMBER 2003****24. NET CASH INFLOW /(OUTFLOW) FROM OPERATING ACTIVITIES**

	2003	2002
	£	£
Operating profit/(loss)	7,016,468	(150,731)
Amortisation of goodwill	474,422	-
Depreciation	5,359,483	153
Profit on sales of fixed assets	(54,767)	-
Increase in stocks	(135,806)	-
Decrease/(increase) in debtors	1,666,295	(20,988)
Decrease in creditors	(3,063,065)	(11,855)
Decrease in investments	154,494	141,761
Decrease in deferred income	(7,195,077)	-
Increase in provisions	1,309,567	-
	<u>5,532,014</u>	<u>(41,660)</u>

25. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2003	2002
	£	£
At 1 May	8,043,319	7,764,814
On acquisition	4,550,307	-
Change in net funds resulting from cash flows	<u>(1,374,415)</u>	<u>278,505</u>
At 30 September 2003	<u>11,219,211</u>	<u>8,043,319</u>

AMSPROP LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SEVENTEEN MONTH PERIOD ENDED 30 SEPTEMBER 2003

26 ACQUISITIONS OF SUBSIDIARIES

On 11 December 2002 the company acquired 70% of the share capital of Willstar Limited (which has subsequently been renamed Viglen Technology Limited). On the same day Willstar Limited acquired the entire share capital of Viglen Limited, Xenon Network Services Limited, and Vigecom Limited and 49% of the share capital of Pedegog Limited for a consideration of £6,003,140 made up of £412,140 in cash and £5,591,000 of 1% redeemable preference shares.

The book and fair value of the net assets acquired were:

	Book and Fair Value £
Tangible fixed assets	14,628,824
Current asset	
Stock	4,822,312
Debtors	16,123,766
Cash in bank	4,550,307
Total Current Assets	<u>25,496,385</u>
Liabilities	
Creditors	12,359,243
Corporation tax and deferred tax	10,390
Accruals and deferred income	24,140,752
Provision for share of associate assets	208,837
Provisions for warranties	3,312,883
Total liabilities	<u>40,032,105</u>
Net assets acquired	<u>93,104</u>
Goodwill (see note 10)	<u>5,910,036</u>
	<u>6,003,140</u>

Net outflows in respect of the acquisition of Viglen, Xenon, Vigecom and Pedegog were principally as shown in the consolidated cashflow on page 8.

AMSPROP LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SEVENTEEN MONTH PERIOD ENDED 30 SEPTEMBER 2003

27 LEASING COMMITMENTS

At 30 September 2003 the group has annual lease commitments, which expire

	2003		2002	
	Landed Building £	Other £	Landed Building £	Other £
In one year or less	625	1,058	-	-
Between one and five years	499,640	103,522	-	-
Over five years	517,241	-	-	-
	<u>1,017,506</u>	<u>104,580</u>	<u>-</u>	<u>-</u>

28 ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The company is controlled by Sir Alan Sugar.

By reason of Sir Alan Sugars indirect ownership of 13% of the ordinary shares of Tottenham Hotspur plc ('Tottenham'), 76% of the ordinary shares of Amsprop Limited and Amsprop Investments Limited, 29% of ordinary shares of Amstrad plc and direct ownership of 100% of the ordinary shares of Amshold Limited, Amsail Limited and Amshold Securities Limited, Sir Alan Sugar has an interest in the following contracts between Amsprop London Limited and its subsidiaries and those companies:

- 1) The purchase from Tottenham of advertising services worth £33,000 plus VAT (2002:£34,600 plus VAT).
- 2) During the period the group provided £24,123 of services to Amstrad plc. The company also received £6,883 worth of services from Amstrad plc and £4,469 plus VAT worth of services from Amsail Limited.
- 3) The group signed a fifteen year lease for the use of Viglen House. During the period £365,281 was paid in rent to Amshold Securities Limited and Amsprop Investments Limited.
- 4) On 11 December 2002 Willstar Limited (now Viglen Technology Limited) acquired the entire share capital of Viglen Limited, Xenon Network Services Limited, Vigecom Limited and Pedegog Limited from Learning Technology plc (now Amshold Securities Limited) a company controlled by Sir Alan Sugar. On 11 December Amsprop London Limited acquired 70% of the share capital of Willstar Limited – see note 26.