

AMSPROP TRADING LIMITED

Report and Financial Statements

30 June 2001

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



REPORT AND FINANCIAL STATEMENTS 2001

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REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir Alan M Sugar
Lady Sugar
C T Sandy
L J Baron (née Sugar)
A N Cohen
D P Sugar (appointed 17 December 2000)

SECRETARY

C T Sandy

REGISTERED OFFICE

Brentwood House
169 Kings Road
Brentwood
Essex
CM14 4EF

BANKERS

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

SOLICITORS

H Montlake & Co.
197 High Road
Ilford
Essex
IG1 1LX

Herbert Smith
Exchange House
Primrose Street
London
EC2A 2HS

Kingsley Napley
Knights Quarter
14 St Johns Lane
London
EC1M 4AJ

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 June 2001.

ACTIVITIES AND REVIEW OF DEVELOPMENTS

The company is principally engaged in the business of property dealers, developers and managers. There are no planned changes to these activities.

The profit on ordinary activities before taxation for the year amounted to £3,714,764 (2000 – £4,152,182) as shown on page 6.

DIVIDENDS

The directors do not recommend the payment of a dividend (2000 – £nil).

CLOSE COMPANY STATUS

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

DIRECTORS

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

Sir Alan Sugar
Lady Sugar
C T Sandy
L Baron (née Sugar)
A Cohen
D P Sugar (appointed 17 December 2000)

DIRECTORS' INTERESTS

The following directors who held office at 30 June 2001 had interests in the shares of the company:

	Ordinary shares of £1 each	
	30 June 2001	30 June 2000
Sir Alan Sugar	1	1

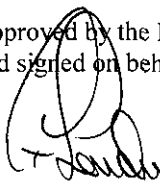
All the directors of the company are also directors of the parent company, Amsprop Limited, and their interest in that company's shares and those of other group undertakings are shown in the financial statements of Amsprop Limited. Details of transactions involving Amsprop Limited and its subsidiaries during the year in which the directors had an interest are disclosed in the financial statements of Amsprop Limited.

DIRECTORS' REPORT

AUDITORS

An elective resolution has been passed, in accordance with S379a of the Companies Act 1985, dispensing with the obligation to appoint auditors annually. Accordingly Deloitte & Touche will remain in office until such time as the elective resolution is revoked.

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


C T SANDY
Secretary

10 April

2002

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 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 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 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 TRADING LIMITED

We have audited the financial statements of Amsprop Trading Ltd for the year ended 30 June 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. 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 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche

Chartered Accountants and
Registered Auditors

10 April 2002

PROFIT AND LOSS ACCOUNT
Year ended 30 June 2001

	Note	2001 £	2000 £
TURNOVER	2	9,685,165	4,484,369
Cost of sales		(5,058,902)	903,174
Gross profit		4,626,263	5,387,543
Administrative expenses		(1,307,689)	(1,184,773)
OPERATING PROFIT	3	3,318,574	4,202,770
Interest receivable and similar income		402,440	15,730
Interest payable and similar charges	5	(6,250)	(66,318)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,714,764	4,152,182
Tax on profit on ordinary activities	6	(1,097,551)	(1,268,203)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,617,213	2,883,979
Profit and loss account brought forward		11,514,933	8,630,954
Profit and loss account carried forward		14,132,146	11,514,933

There are no recognised gains or losses other than the profit on ordinary activities after taxation shown above.

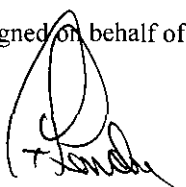
All amounts derive from the company's continuing activities.

BALANCE SHEET
30 June 2001

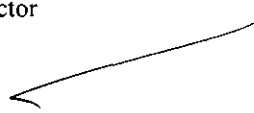
	Note	2001 £	2000 £
FIXED ASSETS			
Investments	7	1	2
Tangible fixed assets	8	82,362	284,247
		<u>82,363</u>	<u>284,249</u>
CURRENT ASSETS			
Property held for resale		33,385,389	36,772,207
Debtors	9	2,063,971	929,772
Cash at bank and in hand		6,961,219	2,200,490
		<u>42,410,579</u>	<u>39,902,469</u>
CREDITORS: amounts falling due within one year			
Bank loans and overdrafts	11	-	332,241
Obligations under finance leases	11	9,878	49,779
Trade creditors		410,982	160,007
Amounts owed to group undertakings - parent and fellow subsidiary undertakings		26,308,343	25,730,991
Other creditors including taxation and social security	10	776,917	1,550,750
Accruals and deferred income		849,334	801,031
		<u>28,355,454</u>	<u>28,624,799</u>
NET CURRENT ASSETS		<u>14,055,125</u>	<u>11,277,670</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,137,488</u>	<u>11,561,919</u>
CREDITORS: amounts falling due after more than one year			
Obligations under finance leases	11	(2,597)	(39,228)
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>(2,645)</u>	<u>(7,658)</u>
TOTAL NET ASSETS		<u>14,132,246</u>	<u>11,515,033</u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account		14,132,146	11,514,933
TOTAL EQUITY SHAREHOLDERS' FUNDS	14	<u>14,132,246</u>	<u>11,515,033</u>

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

Signed on behalf of the Board of Directors



C T Sandy
Director



NOTES TO THE ACCOUNTS
Year ended 30 June 2001**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular *accounting policies adopted* are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Investments

Investments are stated at cost less any provision for impairment in value.

Depreciation

Depreciation is calculated to write off the cost, less estimated residual values, of tangible fixed assets over their estimated useful lives. The annual depreciation rates and methods are as follows:

Office equipment	25% on a reducing balance basis
Motor vehicles	25% on a reducing balance basis

Dealing stocks

Properties held as dealing stocks are included in the balance sheet at the lower of cost and net realisable value. Cost includes appropriate property purchase expenses.

Leases

Assets obtained under finance leases are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Joint arrangements

In accordance with Financial Reporting Standard 9, 'Associates and Joint Ventures', the company accounts for its proportion of the turnover, profits, losses, assets, liabilities and cash flows of joint arrangements measured in accordance with the terms governing the agreement.

2. TURNOVER

Turnover comprises rental income receivable by the company and the value of property sales, dilapidation receipts, insurance recoveries and service and management charges. Rents receivable were £2,491,369 (2000 – £2,377,887).

NOTES TO THE ACCOUNTS
Year ended 30 June 2001

3. OPERATING PROFIT

	2001 £	2000 £
Operating profit is stated after charging/(crediting):		
Administrative expenses including:		
Depreciation		
- own assets	23,207	53,667
- leased assets	16,787	35,743
Auditors' remuneration		
- audit fees	5,400	5,000
- non-audit fees	1,916	2,139
Net release of stock provisions	(6,500)	(2,330,063)

4. STAFF COSTS

Directors' emoluments amounted to £478,449 (2000 – £247,317). None of the directors exercised options or were members of a pension scheme to which the company contributed. The emoluments of the highest paid director were £144,741 (2000 – £166,816).

The average number of other employees in the year was three (2000 – five). Their total remuneration was:

	2001 £	2000 £
Wages and salaries	137,804	285,522
Social security costs	57,432	29,868
	<u>195,236</u>	<u>315,390</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Bank loans and overdrafts	1,647	531
Other loans	-	57,311
Finance leases	4,603	8,476
	<u>6,250</u>	<u>66,318</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
United Kingdom corporation tax at 30% (2000 – 30%)	1,103,849	1,261,038
Income tax on investment income	-	7,665
Deferred taxation	(5,013)	(500)
Adjustment in respect of prior years	(1,285)	-
	<u>1,097,551</u>	<u>1,268,203</u>

NOTES TO THE ACCOUNTS
Year ended 30 June 2001

7. INVESTMENTS

	Participating interest £
At 1 July 2000	2
Disposals	(1)
	<hr/>
At 30 June 2001	1
	<hr/> <hr/>

The company owns 50% of the issued ordinary share capital of Amsgal Properties Limited which is registered and operates in England and Wales. The company's principal activity is acting as nominee for the joint property interests of its shareholders. This joint arrangement is accounted for according to the terms of the agreement governing the arrangements.

8. TANGIBLE FIXED ASSETS

	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 July 2000	205,149	284,716	489,865
Additions	16,766	-	16,766
Disposals	(800)	(218,658)	(219,458)
Transfer to stock	(86,750)	-	(86,750)
	<hr/>	<hr/>	<hr/>
At 30 June 2001	134,365	66,058	200,423
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 July 2000	89,307	116,311	205,618
Charge for the year	14,157	25,837	39,994
Disposals	(610)	(105,253)	(105,863)
Transfer to stock	(21,688)	-	(21,688)
	<hr/>	<hr/>	<hr/>
At 30 June 2001	81,166	36,895	118,061
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 June 2001	53,199	29,163	82,362
	<hr/>	<hr/>	<hr/>
At 30 June 2000	115,842	168,405	284,247
	<hr/>	<hr/>	<hr/>

The net book value of the company's motor vehicles includes £17,500 (2000 – £124,027) in respect of assets held under finance leases.

NOTES TO THE ACCOUNTS
Year ended 30 June 2001

9. DEBTORS

	2001 £	2000 £
Trade debtors	178,638	197,377
Amounts owed by undertakings in which the company has a participating interest	593,722	590,367
Other debtors	1,138,110	1,209
Taxation recoverable	-	34,370
Prepayments and accrued income	153,501	106,449
	<u>2,063,971</u>	<u>929,772</u>

10. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2001 £	2000 £
Other taxation and social security	749,849	26,638
Other creditors	27,068	1,524,112
	<u>776,917</u>	<u>1,550,750</u>

11. MATURITY PROFILE OF FINANCIAL LIABILITIES

	30 June 2001		30 June 2000	
	Bank loans and overdrafts £	Finance leases £	Bank loans and overdrafts £	Finance leases £
Within one year	-	9,878	332,241	49,779
More than one year but not more than two years	-	2,597	-	33,890
More than two years but not more than five years	-	-	-	5,338
More than five years	-	-	-	-
	<u>-</u>	<u>2,597</u>	<u>-</u>	<u>39,228</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 July 2000	7,658
Credited to profit and loss account	(5,013)
At 30 June 2001	<u>2,645</u>

The deferred taxation provided arises as a result of other timing differences. There is no unprovided deferred taxation.

NOTES TO THE ACCOUNTS
Year ended 30 June 2001

13. CALLED UP SHARE CAPITAL

	2001 £	2000 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid:		
100 ordinary shares of £1 each	100	100

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Opening balance	11,515,033	8,631,054
Profit retained for the year	2,617,213	2,883,979
Closing balance	14,132,246	11,515,033

15. OPERATING LEASE COMMITMENTS

At 30 June 2001 the company was not committed to making any payments during the next year in respect of operating leases.

16. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

At 30 June 2001 the ultimate parent company and controlling party was Amshold Group Limited, a company incorporated in Great Britain and registered in England and Wales. This company is in turn owned jointly by Sir Alan Sugar and Lady Sugar.

The intermediate parent company is Amsprop Limited, a company incorporated in Great Britain and registered in England and Wales. Amsprop Limited is also the parent which heads the smallest group for which group accounts are prepared. Copies of the group financial statements of Amsprop Limited and Amshold Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The company has taken advantage of the exemption from related party disclosure in accordance with Paragraph 3(c) of Financial Reporting Standard No. 8.

Disclosure of transactions with other group companies is not made here but details of those and other related party transactions involving the directors of the company who are also directors of Amsprop Limited are disclosed in the accounts of that company.

The company rents out office space to Amstrad plc, a company in which Amshold Limited purchased a 29% shareholding subsequent to 30 June 2001. During the year ended 30 June 2001 £179,170 was received from Amstrad plc.