

11
Company Registration No. 02801817

Amsprop Estates Limited

Report and Financial Statements

30 June 2006

WEDNESDAY



LCMA4MO7

L22

31/01/2007

COMPANIES HOUSE

363

Amsprop Estates Limited

Report and financial statements 2006

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	5
Independent auditors' report	6
Profit and loss account	8
Balance sheet	9
Notes to the accounts	10

Amsprop Estates Limited

Report and financial statements 2006

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
S Sugar

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

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Amsprop Estates Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2006.

Principle Activities and Review of Performance

Amsprop Estates Limited is a wholly owned subsidiary of Amsprop Limited, a company registered in the United Kingdom which is the parent company of the Amsprop Group of companies. Amsgal and Amsted properties are wholly owned subsidiaries of Amsprop Estates Limited.

The principal business of the company is the acquisition of land and buildings for resale at a later date so as to maximise profit.

As shown in the profit and loss account on page 7, this year the company has not been able to continue its past strong profits growth. This is as a result of the non-recurring charge to the company of writing down its valuations of Alderman's House, 117 and 119-121 Bishopsgate and York House in the year to 30 June 2006.

The key performance indicators used by management in assessing the success of the business are rental income, market value of the properties and net realisable value. In the year to 30 June 2006 the business showed good performance in these key performance indicators, with rental income increasing to £3,789,249 (2005: £3,165,156) and the market value of the properties continuing to increase in line with the UK property market in general. The value of properties held for resale increased to £38,843,842 at 30 June 2006 (2005: £20,890,842). The increase in the year being equal to the net realisable value of the properties purchased in the year.

Using the key performance indicators above, management can determine whether properties should be refurbished, redeveloped or sold. Using this approach actively ensures that returns can be maximised.

Through its strong professional management team the company expects to reassert its long term growth pattern. We expect profit growth and a further strengthening of the balance sheet to take place going forward.

Future prospects

By having a stable, strong management team together with our own financial resources and the facilities available from our bankers, we have the ability to move into the market when the correct conditions apply. This gives us great confidence for future growth prospects.

Principle risks and uncertainties

Property prices are at an all time high which could result in the company acquiring overpriced properties which could subsequently result in little or no growth. The estates team are fully aware of this and consequently will remain diligent in seeking acquisitions that can provide future growth from active management.

The company had intercompany debt at the balance sheet date of £20,238,715 (2005: £3,708,744). The directors consider that the risk of this debt being recalled is low, as the parent company is able to make third party interest payments with good headroom.

The cashflows of the company are managed by the close monitoring of tenant arrears and voids. Tenant bad debts during the year amounted to £nil due to the active management of debtors. Void periods are likewise minimised due to active management and careful selection of properties in the first instance. The only long term void currently is one floor in Brentwood House. This is due to a current oversupply of office space in the Brentwood market. This loss of income represents approximately 1% of total turnover.

Amsprop Estates Limited

Directors' report (continued)

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 loss on ordinary activities before taxation for the year amounted to £3,920,606 (2005: Profit £1,942,712 as shown on page 7).

Dividends

The directors do not recommend the payment of a dividend (2005: £nil).

Close company status

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

Directors and their interests

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

Sir Alan Sugar
Lady Sugar
C T Sandy
L J Baron (née Sugar)
A N Cohen
D P Sugar
S Sugar

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.

Information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

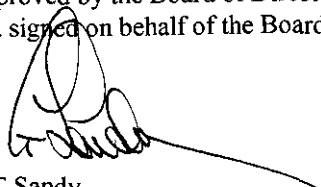
Amsprop Estates Limited

Directors' report (continued)

Auditors

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

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



C T Sandy
Secretary

25th January 2007

Amsprop Estates Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. 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,
- 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 Estates Limited

We have audited the financial statements of Amsprop Estates Limited for the year ended 30 June 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. 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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of Amsprop Estates Limited (continued)

Opinion

In our opinion :

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche WP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

25 January 2007

Amsprop Estates Limited

Profit and loss account Year ended 30 June 2006

	Note	2006 £	2005 £
Turnover	2	6,207,008	3,262,811
Cost of sales		(7,943,405)	50,503
Gross profit		(1,736,397)	3,313,314
Administrative expenses		(1,574,817)	(1,394,991)
Operating (loss)/profit	3	(3,311,214)	1,918,323
Interest receivable and similar income	5	139,412	32,688
Interest payable and similar charges	6	(748,804)	(8,299)
(Loss)/profit on ordinary activities before taxation		(3,920,606)	1,942,712
Tax on profit on ordinary activities	7	3,392,115	(967,316)
(Loss)/profit on ordinary activities after taxation	14	(528,491)	975,396
Profit and loss account brought forward		22,414,947	21,439,551
Profit and loss account carried forward		21,886,456	22,414,947

The statement of total recognised gains and losses has been omitted because there have been no recognised gains or losses other than the profit or loss for the year in the current or prior years.

Amsprop Estates Limited

Balance sheet 30 June 2006

	Note	2006 £	2005 £
Fixed assets			
Tangible fixed assets	8	35,735	47,623
Investments	9	695,632	695,632
		<u>731,367</u>	<u>743,255</u>
Current assets			
Property held for resale		38,843,842	20,890,842
Debtors	10	3,553,649	5,664,320
Cash at bank and in hand		1,015,171	375,002
		<u>43,412,662</u>	<u>26,930,164</u>
Creditors: amounts falling due within one year			
Trade creditors		(119,640)	(34,119)
Amounts owed to group undertakings		(20,238,715)	(3,708,744)
Other creditors including taxation and social security	11	(956,732)	(541,133)
Accruals and deferred income		(942,386)	(971,588)
		<u>(22,257,473)</u>	<u>(5,255,584)</u>
Net current assets		<u>21,155,189</u>	<u>21,674,580</u>
Total assets less current liabilities		<u>21,886,556</u>	<u>22,417,835</u>
Provisions for liabilities	12	-	(2,788)
Total net assets		<u>21,886,556</u>	<u>22,415,047</u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account		21,886,456	22,414,947
Total equity shareholders' funds	14	<u>21,886,556</u>	<u>22,415,047</u>

These financial statements were approved by the Board of Directors on 29 January 2007.

Signed on behalf of the Board of Directors

Director

Amsprop Estates Limited

Notes to the accounts Year ended 30 June 2006

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are consistent with those adopted in the prior year and 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

Properties held for resale

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

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

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Amsprop Estates Limited

Notes to the accounts Year ended 30 June 2006

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, all arising in the United Kingdom. Rents receivable were £3,789,249 (2005: £3,165,156).

3. Operating (loss)/profit

	2006 £	2005 £
Operating (loss)/profit is stated after charging/(crediting):		
Administrative expenses including:		
Depreciation of owned assets	12,630	14,600
Auditors' remuneration – audit fees	8,000	8,000
Cost of sales including:		
Net decrease in property held for resale provisions	(7,943,405)	(73,239)

4. Staff costs

Directors' emoluments amounted to £945,276 (2005: £899,836). 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 £318,096 (2005: £307,525).

The average number of other employees in the year was 5 (2005: five). Their total remuneration was:

	2006 £	2005 £
Wages and salaries	270,208	207,587
Social security costs	128,311	123,243
	<u>398,519</u>	<u>330,830</u>

5. Interest receivable and similar income

	2006 £	2005 £
Intercompany interest	104,018	17,453
Other interest	35,394	15,235
	<u>139,412</u>	<u>32,688</u>

6. Interest payable and similar charges

	2006 £	2005 £
Bank loans and overdrafts	15,477	78
Intercompany interest	733,327	8,221
	<u>748,804</u>	<u>8,299</u>

Amsprop Estates Limited

Notes to the accounts Year ended 30 June 2006

7. Tax on profit on ordinary activities

(i) Analysis of tax charge on (loss)/ profit on ordinary activities

	2006 £	2005 £
United Kingdom corporation tax at 30% (2005: 30%)	3,387,258	(523,804)
Adjustment in respect of prior periods	-	(444,059)
	<u>3,387,258</u>	<u>(967,863)</u>
Deferred taxation	4,857	547
	<u>3,392,115</u>	<u>(967,316)</u>

(ii) Factors affecting tax charge for the current year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK: 30% (2005: 30%). The differences are explained below:

	2006 £	2005 £
(Loss)/profit on ordinary activities before tax	<u>(3,920,606)</u>	<u>1,942,712</u>
Tax at 30% thereon:	1,176,182	(582,814)
Effects of:		
Expenses not deductible for tax purposes	(155,149)	(73,661)
Capital allowances in excess of depreciation	(4,857)	(547)
Group relief paid for at 100%	<u>2,371,081</u>	<u>(310,841)</u>
Current tax credit/(charge) for year	<u>3,387,257</u>	<u>(967,863)</u>

Amsprop Estates Limited

Notes to the accounts Year ended 30 June 2006

8. Tangible fixed assets

	Office equipment
	£
Cost	
At 1 July 2005	179,736
Additions	18,515
Disposals	(123,014)
	<u>75,237</u>
At 30 June 2006	
Depreciation	
At 1 July 2005	132,113
Charge for the year	12,630
Disposals	(105,241)
	<u>39,502</u>
At 30 June 2006	
Net book value	
At 30 June 2006	<u>35,735</u>
At 30 June 2005	<u>47,623</u>

9. Investments

	£
Investments in subsidiary undertakings	
Cost and net book value at 1 July 2005 and 30 June 2006	<u>695,632</u>

	Country of incorporation	Principal Activity	Holding %
Subsidiary Undertakings			
Amsted Properties Ltd	Great Britain	Development property	100
Amsgal Properties Ltd	Great Britain	Development property	100

Amsprop Estates Limited

Notes to the accounts Year ended 30 June 2006

10. Debtors

	2006 £	2005 £
Trade debtors	113,448	48,581
Other debtors	49,920	16,493
Corporation tax	257,057	-
Deferred tax asset (see note 12)	2,069	-
Amounts owed by group undertakings	2,337,338	5,114,263
Prepayments and accrued income	793,817	484,983
	<u>3,553,649</u>	<u>5,664,320</u>

11. Other creditors including taxation and social security

	2006 £	2005 £
Other taxation and social security	447,508	29,198
Corporation tax creditor	-	241,988
Other creditors	509,224	269,947
	<u>956,732</u>	<u>541,133</u>

12. Provisions for liabilities

	Deferred taxation	
	2006 £	2005 £
Capital allowances in excess of depreciation at 1 July 2005	2,789	3,335
Charge to profit and loss account	(4,858)	(547)
	<u>(2,069)</u>	<u>2,788</u>
Depreciation in excess of capital allowances/capital allowances in excess of depreciation at 30 June 2006 (see note 10)		

13. Called up share capital

	2006 £	2005 £
Authorised:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

Amsprop Estates Limited

Notes to the accounts Year ended 30 June 2006

14. Reconciliation of movement in shareholders' funds

	2006 £	2005 £
At 1 July 2005	22,414,947	21,439,651
(Loss)/profit for the financial year	(528,491)	975,396
At 30 June 2006	<u>21,886,456</u>	<u>22,415,047</u>

15. Ultimate parent undertaking and related party transactions

At 30 June 2006, the ultimate controlling party was Sir Alan Sugar.

The immediate 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 are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

Amshold Group Limited, a company incorporated in Great Britain is the parent undertaking of the largest group which includes the company and for which group financial statements are prepared. Copies of the group financial statements of 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.

The company rents out office space to Amstrad plc, a company in which Amshold Limited, a wholly owned subsidiary of Amshold Group Limited, has a 28.2% shareholding. During the year ended 30 June 2006 £ 183,000 (2005: £183,000) was due from Amstrad plc. No balance was outstanding from Amstrad plc as at 30 June 2006 (2005:£43,348).