

Company Registration No. 02801817

Amsprop Estates Limited

Report and Financial Statements

Year ended 30 June 2011

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Amsprop Estates Limited

Report and financial statements 2011

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Amsprop Estates Limited

Report and financial statements 2011

Officers and professional advisers

Directors

Colin T Sandy
Louise J Baron
Andrew N Cohen
Daniel P Sugar
Simon Sugar
James Hughes
Claude M Littner
Michael E Ray

Secretary

Colin T Sandy

Registered Office

West Wing
Sterling House
Langston Road
Loughton
Essex
IG10 3TS

Bankers

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

Solicitors

H Montlake & Co
Bank House
269-275 Cranbrook Road
Ilford
Essex
IG1 4TG

Kingsley Napley LLP
Knights Quarter
14 St John's Lane
London
EC1M 4AJ

Herbert Smith
Exchange House
Primrose Street
London
EC2A 2HS

Auditor

Deloitte 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 2011

Principal activities

The principal business of the Company is the acquisition of land and buildings for resale at a later date so as to maximise profit, together with the collection of rents therefrom

Amsprop Estates Limited is a wholly owned subsidiary of Amsprop Limited, a Company incorporated in Great Britain and registered in the England and Wales which is the parent company of the Amsprop Group of companies. Amsgal Properties Limited and Amsted Properties Limited are wholly-owned subsidiaries of Amsprop Estates Limited

Business review

The result for the year after taxation was a profit of £4,733,339 (2010 £1,942,292). The profit and loss account for the year is shown on page 7

The increase in profits in the year is due to the sale of two properties. Conversely, due to the sale of these properties, rental income of £1,476,190 is lower than the previous year's of £2,868,101. Tempered marginally by some improvement in the remaining stock valuations, these property sales caused the fall in the book value of properties held for resale to £13,389,401 at 30 June 2011 (2010 £35,928,432)

Although we have disposed of two properties in the year for a profit, the current market remains difficult to trade in. Due to the high quality of our stock, their valuations have remained steady or improved marginally despite the volatile market

Property prices remain depressed which could result in the company being able to acquire properties at favourable prices. 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 directors acknowledge that property valuations continue to be impacted by economic conditions

The amount owed by group undertakings to the company has increased substantially to £27,667,925 (2010 £2,337,973). Amounts owed to other group undertakings decreased to £1,682,082 (2010 £4,114,647). The directors consider that the risk of both the debtor and creditor being recalled is low, as both the parent company and itself are able to service the interest due

Going concern

The directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about future trading

On the basis of this review, and after making due enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements

Amsprop Estates Limited

Directors' report (continued)

Financial instruments

The directors considered the risks attached to the Company's financial instruments which principally comprise operating debtors and operating creditors and loans to and from other group companies. The directors have taken a prudent approach in their consideration of the various risks attached to the financial instruments of the Company. The Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements.

The director's policy on hedging is to hedge all financial risks where it is feasible and cost effective to do so. The Company had no hedged transactions during the year.

Dividends

The directors do not propose the payment of a dividend (2010 £nil).

Directors

The directors, who held office throughout the year, are listed below.

Colin T Sandy
Louise J Baron
Andrew N Cohen
Daniel P Sugar
Simon Sugar
James Hughes
Claude M Littner
Michael E Ray

Directors' indemnities

The directors and officers of the Company use the policy taken out by Amshold Group Limited, the ultimate parent company, for indemnity insurance.

Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Approved by the Board and signed on its behalf by

Colin T Sandy
Secretary

1 November 2011

Registered Office
West Wing, Sterling House, Langston Road
Loughton, Essex IG10 3TS

Amsprop Estates Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 auditor's report to the sole member of Amsprop Estates Limited

We have audited the financial statements of Amsprop Estates Limited for the year ended 30 June 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's 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 member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 June 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the sole member of Amsprop Estates Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Andrew Clark FCA

Andrew Clark (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

1 November 2011

Amsprop Estates Limited

Profit and loss account For the year ended 30 June 2011

	Notes	2011 £	2010 £
Turnover	2	29,720,296	5,090,053
Cost of sales	3	(22,730,555)	21,895
Gross profit		6,989,741	5,111,948
Administrative expenses		(526,047)	(2,166,957)
Operating profit	3	6,463,694	2,944,991
Interest receivable and similar income	5	95,568	118,020
Interest payable and similar charges	6	(30,782)	(328,137)
Profit on ordinary activities before taxation		6,528,480	2,734,874
Tax charge on profit on ordinary activities	7	(1,795,141)	(792,582)
Profit for the financial year	14	4,733,339	1,942,292

All activities derive from continuing operations

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 and preceding year

Amsprop Estates Limited

Balance sheet 30 June 2011

	Notes	2011 £	2010 £
Fixed assets			
Investments	8	695,632	695,632
		<u>695,632</u>	<u>695,632</u>
Current assets			
Property held for resale		13,389,401	35,928,432
Debtors	9	27,841,972	3,122,039
Cash at bank and in hand	10	333,277	780,322
		<u>41,564,650</u>	<u>39,830,793</u>
Creditors: amounts falling due within one year	11	<u>(2,370,961)</u>	<u>(5,370,443)</u>
Net current assets		<u>39,193,689</u>	<u>34,460,350</u>
Net assets		<u><u>39,889,321</u></u>	<u><u>35,155,982</u></u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account	14	<u>39,889,221</u>	<u>35,155,882</u>
Shareholders' funds	15	<u><u>39,889,321</u></u>	<u><u>35,155,982</u></u>

The financial statements of Amsprop Estates Limited, registered number 02801817, were approved by the board of directors and authorised for issue on 1 November 2011. They were signed on its behalf by



Colin T Sandy
Director

Amsprop Estates Limited

Notes to the accounts For the year ended 30 June 2011

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted by the directors are described below. They have been applied on a consistently throughout the current and preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention. The Company is exempt from the obligation to prepare and deliver group accounts in accordance with s400 of the Companies Act 2006. Consequently, these accounts present the results of the entity only.

Going concern

The financial statements are prepared on a going concern basis as discussed in the directors report on page 2.

Investments

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

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.

Deferred tax is not discounted.

Amsprop Estates Limited

Notes to the accounts

For the year ended 30 June 2011

1. Accounting policies (continued)

Cash flows

As the Company is a wholly-owned subsidiary, the cash flows of the Company are included in the consolidated cash flow statement of its parent undertaking. Consequently the Company is exempt under the provisions of Financial Reporting Standard 1 (Revised) – “Cash Flow Statements”, from publishing a separate cash flow statement.

2. Turnover

Turnover comprises rental income receivable by the Company and the value of property sales, dilapidation receipts, insurance recoveries, commission income and service and management charges, all arising in the United Kingdom. Rent increases arising from rent reviews are taken into account when such reviews have been agreed with tenants. On new leases with rent free periods rental income is allocated evenly over the period from the date of lease commencement to the date of the first rent review. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year. All other turnover is recognised net of VAT as it is earned. Turnover can be analysed as follows:

	2011 £	2010 £
Rental income	1,476,190	2,868,101
Other income	24,106	301,952
Sale of trading properties	28,220,000	1,920,000
	<u>29,720,296</u>	<u>5,090,053</u>

3. Operating profit

	2011 £	2010 £
Operating profit is stated after charging		
Administrative expenses including		
Auditor's remuneration		
- fees payable for the audit of the Company's annual accounts	7,566	8,135
- company secretarial and tax fees	539	4,204
Cost of sales including		
Decrease in provisions for property held for resale	<u>472,000</u>	<u>1,211,532</u>

Amsprop Estates Limited

Notes to the accounts

For the year ended 30 June 2011

4. Staff costs

On 1 July 2010 the employment contracts with the directors and staff of Amsprop Estates Limited were transferred to the ultimate parent company, Amshold Group Limited. Consequently there were no directors' emoluments in the year (2010 £1,138,250). In the preceding year no directors were members of a pension scheme to which the Company contributed. There are no share option schemes in the Company. The emoluments of the highest paid director in the previous year totalled £385,404.

The average number of other employees in the previous year was 11. Their total remuneration was

	2010 £
Wages and salaries	661,765
Social security costs	77,814
	<u>739,579</u>

5. Interest receivable and similar income

	2011 £	2010 £
Interest receivable from group undertaking	88,235	96,086
Other interest	7,333	21,934
	<u>95,568</u>	<u>118,020</u>

6. Interest payable and similar charges

	2011 £	2010 £
Interest payable to group undertaking	30,644	319,540
Bank loans, overdrafts and other charges	138	8,597
	<u>30,782</u>	<u>328,137</u>

Amsprop Estates Limited

Notes to the accounts

For the year ended 30 June 2011

7. Tax charge on profit on ordinary activities

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

	2011 £	2010 £
UK corporation tax at 27.5% (2010: 28%)	-	(129,556)
Group relief paid	(1,793,501)	(803,263)
Adjustment in respect of prior years	-	141,832
Total current tax charge	(1,793,501)	(790,987)
Origination and reversal of timing differences	(1,252)	(1,595)
Effects of decrease in tax rates on opening liability	(388)	-
Total deferred tax charge (note 12)	(1,640)	(1,595)
Total tax charge on profit on ordinary activities	(1,795,141)	(792,582)

The Finance Act 2011, which provides for a reduction in the main rate of corporation tax from 26% to 25% effective from 1 April 2012, was substantively enacted on 5th July 2011. As it was not substantively enacted at the balance sheet date, this rate reduction is not yet reflected in these financial statements in accordance with FRS 21, as it is a non-adjusting event occurring after the reporting period.

The impact of the rate reduction, which will be reflected in the next reporting period, is estimated to reduce our UK deferred tax asset provided at 30 June 2011 by £168.

The Government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 24% by 1 April 2014.

The future 1% main tax rate reductions are expected to have a similar impact on our financial statements as outlined above, however the actual impact will be dependent on our deferred tax position at that time.

(ii) Factors affecting tax charge for the current year

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 27.5% (2010: 28%). The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2011 £	2010 £
Profit on ordinary activities before tax	6,528,480	2,734,874
Tax charge at 27.5% (2010: 28%)	(1,795,421)	(765,765)
Factors affecting charge		
Expenses not deductible for tax purposes	-	(169,308)
Capital allowances for the period in excess of depreciation	1,252	1,595
Utilisation of tax losses	668	659
Adjustment in respect of prior years	-	141,832
Total current tax charge for year	(1,793,501)	(790,987)

Amsprop Estates Limited

Notes to the accounts For the year ended 30 June 2011

8. Investments

Investments in subsidiary undertakings	£
Cost and net book value at 1 July 2010 and 30 June 2011	<u>695,632</u>

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

9. Debtors

	2011 £	2010 £
Amounts falling due within one year		
Amounts owed by group undertakings	27,667,925	2,337,973
Trade debtors	111,303	218,130
Deferred tax asset (see note 12)	4,739	6,379
Prepayments and accrued income	58,005	559,557
	<u>27,841,972</u>	<u>3,122,039</u>

10. Cash at bank and in hand

	2011 £	2010 £
Company cash at bank and in hand	39,871	568,726
Tenant deposits	293,406	211,596
	<u>333,277</u>	<u>780,322</u>

11. Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	17,086	51,424
Amounts owed to Group undertakings	1,682,082	4,114,647
Corporation tax	5,040	104,760
Other taxation and social security	36,826	169,410
Other creditors	323,897	218,133
Accruals and deferred income	306,030	712,069
	<u>2,370,961</u>	<u>5,370,443</u>

Interest is payable on the amount owed to other group companies at variable rates based on Bank of England base rates

Amsprop Estates Limited

Notes to the accounts

For the year ended 30 June 2011

12. Deferred taxation

	2011 £	2010 £
Capital allowances in excess of depreciation at 1 July	6,379	7,974
Charge to profit and loss account	(1,640)	(1,595)
Capital allowances in excess of depreciation at 30 June (see note 9)	<u>4,379</u>	<u>6,379</u>

13. Called up share capital

	2011 £	2010 £
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>

14. Reserves

	Profit and loss £
At 1 July 2010	35,155,882
Profit for the financial year	<u>4,733,339</u>
At 30 June 2011	<u>39,889,221</u>

15 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Opening shareholders' funds	35,155,982	33,213,690
Profit for the financial year	<u>4,733,339</u>	<u>1,942,292</u>
Closing shareholders' funds	<u>39,889,321</u>	<u>35,155,982</u>

16. Events during the year

On 5 August 2010 the Company completed the sale of 125-139 Queen Street, Cardiff for £17,020,000 and on 31 August 2010 the Company completed the sale of 31-37 Islington High Street, London for £11,200,000

On 1 July 2010 the employment contracts with the directors and staff of Amsprop Estates Limited were transferred to the ultimate parent company, Amshold Group Limited

Amsprop Estates Limited

Notes to the accounts

For the year ended 30 June 2011

17. Ultimate parent company and controlling party

At 30 June 2011, the Company was indirectly wholly-owned by Lord Sugar

The immediate parent company is Amsprop Limited, a company incorporated in Great Britain and registered in England and Wales

The ultimate parent company is Amshold Group Limited, a company incorporated in Great Britain, which is the parent undertaking of the smallest and 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

18. Related party transactions

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