

AMSPROP TRADING LIMITED

Report and Financial Statements

30 June 2002



REPORT AND FINANCIAL STATEMENTS 2002

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REPORT AND FINANCIAL STATEMENTS 2002

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

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
London

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2002.

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 £2,699,116 (2001 – £3,714,764) as shown on page 5.

DIVIDENDS

The directors do not recommend the payment of a dividend (2001 – £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 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

DIRECTORS' INTERESTS

The following directors who held office at 30 June 2002 had interests in the shares of the company:

	Ordinary shares of £1 each	
	30 June 2002	30 June 2001

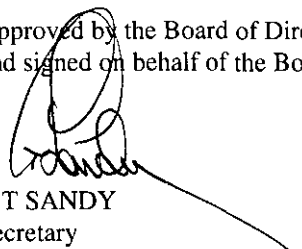
Sir Alan Sugar	1	1
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All the directors of the company are also directors of the parent company, Amsprop Limited, and their interest in that company's shares and those of other group undertakings are shown in the financial statements of Amsprop Limited. 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.

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 December 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AMSPROP TRADING LIMITED**

We have audited the financial statements of Amsprop Trading Limited for the year ended 30 June 2002 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.

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche

Chartered Accountants and
Registered Auditors

10 December 2002

PROFIT AND LOSS ACCOUNT
Year ended 30 June 2002

	Note	2002 £	2001 £
TURNOVER	2	13,052,273	9,685,165
Cost of sales		(8,889,665)	(5,058,902)
Gross profit		<u>4,162,608</u>	<u>4,626,263</u>
Administrative expenses		(1,502,625)	(1,307,689)
OPERATING PROFIT	3	<u>2,659,983</u>	<u>3,318,574</u>
Interest receivable and similar income		41,510	402,440
Interest payable and similar charges	5	(2,377)	(6,250)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>2,699,116</u>	<u>3,714,764</u>
Tax on profit on ordinary activities	6	(653,665)	(1,097,551)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>2,045,451</u>	<u>2,617,213</u>
Profit and loss account brought forward		<u>14,132,146</u>	<u>11,514,933</u>
Profit and loss account carried forward		<u><u>16,177,597</u></u>	<u><u>14,132,146</u></u>

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

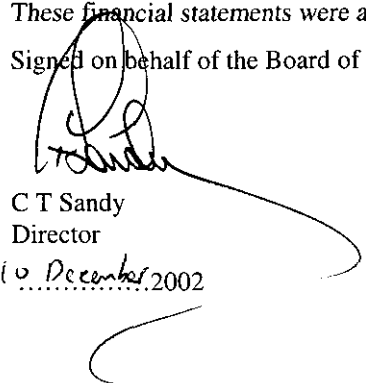
All amounts derive from the company's continuing activities.

BALANCE SHEET
30 June 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible fixed assets	8	42,262	82,362
Investments	7	1	1
		<u>42,263</u>	<u>82,363</u>
CURRENT ASSETS			
Property held for resale		32,526,549	33,385,389
Debtors	9	1,182,519	2,063,971
Cash at bank and in hand		8,015,736	6,961,219
		<u>41,724,804</u>	<u>42,410,579</u>
CREDITORS: amounts falling due within one year			
Obligations under finance leases	11	-	9,878
Trade creditors		85,117	410,982
Amounts owed to group undertakings		23,385,019	26,308,343
Other creditors including taxation and social security	10	1,175,941	776,917
Accruals and deferred income		940,120	849,334
		<u>25,586,197</u>	<u>28,355,454</u>
NET CURRENT ASSETS		<u>16,138,607</u>	<u>14,055,125</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>16,180,870</u>	<u>14,137,488</u>
CREDITORS: amounts falling due after more than one year			
Obligations under finance leases	11	-	(2,597)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(3,173)	(2,645)
TOTAL NET ASSETS		<u>16,177,697</u>	<u>14,132,246</u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account		16,177,597	14,132,146
TOTAL EQUITY SHAREHOLDERS' FUNDS	14	<u>16,177,697</u>	<u>14,132,246</u>

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

Signed on behalf of the Board of Directors


C T Sandy
Director

10 December 2002

NOTES TO THE ACCOUNTS**Year ended 30 June 2002****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

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

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 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 items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. 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.

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, all arising in the United Kingdom. Rents receivable were £2,639,001 (2001 – £2,491,369).

NOTES TO THE ACCOUNTS

Year ended 30 June 2002

3. OPERATING PROFIT

	2002	2001
	£	£
Operating profit is stated after charging/(crediting):		
Administrative expenses including:		
Depreciation		
- own assets	14,614	23,207
- leased assets	3,188	16,787
- loss on disposal of fixed assets	60,153	-
Auditors' remuneration		
- audit fees	5,488	5,400
- non-audit fees	4,663	1,916
Net increase/(release) of stock provisions	79,456	(6,500)

4. STAFF COSTS

Directors' emoluments amounted to £659,262 (2001 – £478,449). 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 £197,101 (2001 – £144,741).

The average number of other employees in the year was three (2001 – three). Their total remuneration was:

	2002	2001
	£	£
Wages and salaries	140,134	137,804
Social security costs	23,662	57,432
	<u>163,796</u>	<u>195,236</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
Bank loans and overdrafts	1,697	1,647
Finance leases	680	4,603
	<u>2,377</u>	<u>6,250</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	2002	2001
	£	£
United Kingdom corporation tax at 30% (2001 – 30%)	653,137	1,103,849
Deferred taxation	528	(5,013)
Adjustment in respect of prior years	-	(1,285)
	<u>653,665</u>	<u>1,097,551</u>

NOTES TO THE ACCOUNTS

Year ended 30 June 2002

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(ii) Factors affecting tax charge for the current year

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK: 30% (2001: 30%). The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	2,699,116	3,714,764
Tax at 30% thereon:	(809,735)	(1,114,429)
Effects of:		
Expenses not deductible for tax purposes	(515)	(4,683)
Capital allowances in excess of depreciation	528	(5,013)
Group relief	156,585	-
Non-taxable income	-	757
Net book value adjustments- eligible assets	-	19,519
Prior period adjustments	-	1,285
Current tax charge for year	<u>(653,137)</u>	<u>(1,102,564)</u>

7. INVESTMENTS

	Participating interest £
At 1 July 2001 and 30 June 2002	<u>1</u>

The company owns 50% of the issued ordinary share capital of Amsgal Properties Limited which is incorporated in Great Britain 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.

The Net Assets of Amsgal Properties Limited for the current year are £4 and there was no profit or loss made as the company did not trade.

NOTES TO THE ACCOUNTS
Year ended 30 June 2002

8. TANGIBLE FIXED ASSETS

	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 July 2001	134,365	66,058	200,423
Additions	2,706	58,000	60,706
Disposals	-	(124,058)	(124,058)
At 30 June 2002	137,071	-	137,071
Depreciation			
At 1 July 2001	81,166	36,895	118,061
Charge for the year	13,643	4,159	17,802
Disposals	-	(41,054)	(41,054)
At 30 June 2002	94,809	-	94,809
Net book value			
At 30 June 2002	42,262	-	42,262
At 30 June 2001	53,199	29,163	82,362

The net book value of the company's motor vehicles includes £nil (2001 – £17,500) in respect of assets held under finance leases.

9. DEBTORS

	2002 £	2001 £
Trade debtors	211,866	178,638
Amounts owed by participating interests	643,522	593,722
Other debtors	9,294	1,138,110
Prepayments and accrued income	317,837	153,501
	1,182,519	2,063,971

10. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2002 £	2001 £
Other taxation and social security	689,359	-
Corporation Tax Creditor	378,137	749,849
Other creditors	108,445	27,068
	1,175,941	776,917

NOTES TO THE ACCOUNTS

Year ended 30 June 2002

11. MATURITY PROFILE OF FINANCIAL LIABILITIES

	2002	2001
	Finance leases £	Finance leases £
Within one year	-	9,878
More than one year but not more than two years	-	2,597

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation	
	2002 £	2001 £
At 1 July	2,645	7,658
Charge/(credit) to profit and loss account	528	(5,013)
At 30 June	3,173	2,645

NOTES TO THE ACCOUNTS

Year ended 30 June 2002

13. CALLED UP SHARE CAPITAL

	2002 £	2001 £
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

	2002 £	2001 £
At 1 July	14,132,246	11,515,033
Profit for the financial year	2,045,451	2,617,213
At 30 June	16,177,697	14,132,246

15. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

At 30 June 2002 the ultimate parent company controlling party and largest group for which group accounts are prepared and of which this company is a member was Amshold Group Limited, a company incorporated in Great Britain. This company is in turn owned by Sir Alan Sugar.

The intermediate parent company is Amsprop Limited, a company incorporated in Great Britain. Amsprop Limited is also the parent which heads the smallest group for which group accounts are prepared and of which this company is a member. 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.

The company rents out office space to Amstrad plc, a company in which Amshold Limited has a 29% shareholding. During the year ended 30 June 2002 £175,000 (30 June 2001: £179,170) was received from Amstrad plc.

During the year, a car costing £58,000 was gifted to Lady Ann Sugar and declared as a benefit in kind. Also during the year, Andrew Cohen purchased a car from the company at a market value of £13,000. The consideration comprised a cash payment of £5,000 and Andrew Cohen also took on the remaining finance lease obligation to purchase the car.