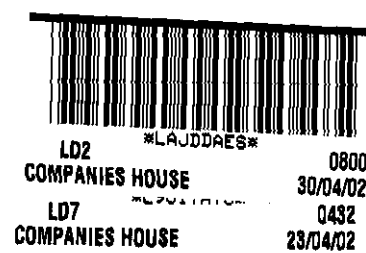


AMSHOLD GROUP LIMITED

Report and Financial Statements

30 June 2001

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



REPORT AND FINANCIAL STATEMENTS 2001**CONTENTS****Page**

Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Consolidated profit and loss account	5
Consolidated statement of total recognised gains and losses	6
Consolidated balance sheet	7
Balance sheet	8
Consolidated cash flow statement	9
Notes to the accounts	10

REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

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

SECRETARY

C T Sandy

REGISTERED OFFICE

Brentwood House
169 Kings Road
Brentwood
Essex
CM14 4EF

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 Group is engaged in aircraft chartering; property investment; the manufacturing and marketing of computers, peripherals and software and the provision of management services. Until 28 February 2001 the Group was also engaged, through an associated undertaking, in the operation of a professional football club. There are no planned changes to these activities save that on 28 September 2001 Amshold Limited acquired 23,026,313 ordinary 10p shares, representing 29% of the issued share capital, of Amstrad plc at a price of 36p per share, at a total cost of £8,289,000, and the Group has also commenced dealing in antiques.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are listed on page 1.

The interests of the directors in the share capital of the company at 30 June 2001 and 30 June 2000 were as follows:

	30 June 2001	30 June 2000
Sir Alan Sugar	24,399	24,399
Lady Sugar	1	1

L Baron (née Sugar) and D P Sugar each have beneficial interests in eight ordinary shares of Amsprop Limited (L Baron 30 June 2000 – eight ordinary shares, D P Sugar – date of appointment – eight ordinary shares).

Apart from the above, no director had an interest in the shares of any group undertaking.

RESEARCH AND DEVELOPMENT

Learning Technology plc carries out research and development as part of its day to day activities in relation to its products according to the market in which it operates.

DONATIONS

During the year the Group made the following donations:

Political purposes – Labour Party	£200,000
Charitable purposes	£500,000

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them 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

23 April 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 and the group as at the end of the financial year and of the profit or loss of the group 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 group and 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 the group 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 and safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMSHOLD GROUP LIMITED

We have audited the financial statements of Amshold Group Limited for the year ended 30 June 2001 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and the related notes 1 to 28. 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 affairs of the company and the group as at 30 June 2001 and of the profit of the group 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

23 April 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 June 2001

	Note	2001 £'000	2000 £'000
TURNOVER: continuing operations	2	90,891	92,299
Cost of sales		(67,685)	(67,639)
GROSS PROFIT		<u>23,206</u>	<u>24,660</u>
Administrative expenses		(19,995)	(18,071)
GROUP OPERATING PROFIT:			
continuing operations		3,211	6,589
Share of profits less losses in associated undertakings		275	149
TOTAL OPERATING PROFIT	2,4	<u>3,486</u>	<u>6,738</u>
Profit on disposal of associated undertaking		12,463	-
Profit on disposal of investment property		-	1,311
Profit on disposal of fixed assets		949	2,266
Net interest receivable	5	<u>5,997</u>	<u>4,831</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		22,895	15,146
Tax (charge)/credit on profit on ordinary activities	6	(7,726)	1,421
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>15,169</u>	<u>16,567</u>
Minority interests		(941)	(3,276)
PROFIT FOR THE FINANCIAL YEAR		<u>14,228</u>	<u>13,291</u>
Retained profit brought forward		86,146	72,840
Increase in share of net assets of subsidiary and associated undertakings following exercise of employee share options		355	15
Retained profit carried forward		<u><u>100,729</u></u>	<u><u>86,146</u></u>

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 June 2001

	2001 £'000	2000 £'000
Profit for the financial year	14,228	13,291
Unrealised surplus on revaluation of property net of increase in deferred tax provision and minority interest	20	59
Reversal of revaluation surplus net of deferred tax and minority interest on land transferred from investment properties to assets in the course of construction	(50)	-
Increase in share of net assets of subsidiary and associated undertakings following exercise of employee share options	355	15
Total recognised gains and losses relating to the year	<u>14,553</u>	<u>13,365</u>

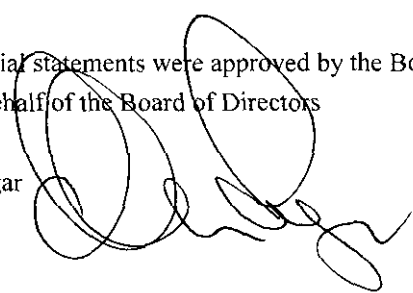
CONSOLIDATED BALANCE SHEET
30 June 2001

	Note	2001 £'000	2000 £'000
FIXED ASSETS			
Intangible assets			
Goodwill		12,213	13,133
Negative goodwill		(288)	(312)
	7	<u>11,925</u>	<u>12,821</u>
TANGIBLE ASSETS			
Investment properties	8	972	1,135
Other	9	4,673	5,459
Investments	10	27,738	14,956
		<u>45,308</u>	<u>34,371</u>
CURRENT ASSETS			
Stocks	12	42,829	48,315
Debtors	13	13,877	14,754
Investments	14	112,424	113,823
Cash at bank and in hand	15	25,434	13,401
		<u>194,564</u>	<u>190,293</u>
CREDITORS: amounts falling due within one year	16	<u>(41,212)</u>	<u>(44,973)</u>
NET CURRENT ASSETS		<u>153,352</u>	<u>145,320</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		198,660	179,691
CREDITORS: amounts falling due after more than one year			
Obligations under finance leases	23	(3)	(1,210)
PROVISIONS FOR LIABILITIES AND CHARGES	17	<u>(27,891)</u>	<u>(22,965)</u>
		<u>170,766</u>	<u>155,516</u>
CAPITAL AND RESERVES			
Called up share capital	18	24	24
Merger reserve		59,134	59,134
Revaluation reserve	19	209	239
Profit and loss account		100,729	86,146
		<u>160,096</u>	<u>145,543</u>
Minority interests		10,670	9,973
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>170,766</u>	<u>155,516</u>

These financial statements were approved by the Board of Directors on 23 April 2002.

Signed on behalf of the Board of Directors

Sir Alan Sugar
Director



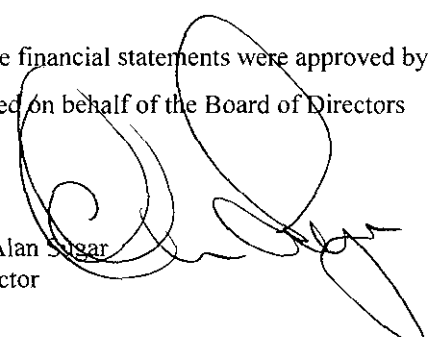
BALANCE SHEET
30 June 2001

	Note	2001 £'000	2000 £'000
FIXED ASSETS			
Investments	10	24	24
CURRENT ASSETS			
Cash at bank and in hand		-	1
CREDITORS: amounts falling due within one year			
Amounts payable to group undertakings		(36)	(24)
NET CURRENT LIABILITIES		(36)	(23)
TOTAL ASSETS LESS CURRENT LIABILITIES		(12)	1
CAPITAL AND RESERVES			
Called up share capital	18	24	24
Profit and loss account		(36)	(23)
TOTAL SHAREHOLDERS' (DEFICIT)/ FUNDS		(12)	1

These financial statements were approved by the Board of Directors on 13 April 2002.

Signed on behalf of the Board of Directors

Sir Alan Sugar
Director



CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2001

	Note	2001 £'000	2000 £'000
Net cash inflow/(outflow) from operating activities	22(a)	9,415	(2,110)
Returns on investments and servicing of finance			
Interest received		7,261	7,206
Interest paid		(1,438)	(2,094)
Dividends paid by subsidiary undertakings to minority shareholders		(757)	(323)
Net cash inflow from returns on investments and servicing of finance		5,066	4,789
Taxation			
Corporation tax paid		(1,476)	(6,413)
Tax paid		(1,476)	(6,413)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,642)	(1,324)
Receipts from sales of tangible fixed assets		2,122	6,738
Net cash inflow from investing activities		480	5,414
Acquisitions and disposals			
Investment in associated undertakings		(221)	(1,500)
Sale of associated undertakings	22(d)	(111)	-
Total acquisitions and disposals		(332)	(1,500)
Management of liquid resources			
Deposits released to repay loan notes		1,399	8,778
		1,399	8,778
Net cash inflow before financing		14,552	8,958
Financing			
Issue of ordinary share capital by subsidiary undertaking		878	85
Repayment of loan notes		(1,399)	(8,778)
Decrease in bank loans		-	(535)
Capital element of finance lease rental payments		(1,666)	(483)
Net cash outflow from financing		(2,187)	(9,711)
Increase/(decrease) in cash	22(b)	12,365	(753)

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

The financial statements are prepared in accordance with applicable accounting standards. 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 are described below.

Accounting convention

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

Consolidation

The group financial statements consolidate those of the company and all its subsidiary and associated undertakings.

Goodwill

Purchased goodwill arising on acquisition is capitalised and amortised through the profit and loss account on a straight line basis over its estimated useful life. In respect of all existing goodwill, this is estimated to be 20 years.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the group, rental income and the value of property sales, dilapidation receipts, insurance recoveries and management charges, all excluding value added tax and trade discounts.

Investment properties

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus net of tax or deficit is transferred to revaluation reserve. 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 and the preceding 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.

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:

Freehold property	0 - 2% on a straight line basis
Leasehold improvements	Over the life of the lease
Aircraft	25% on a reducing balance basis
Office equipment	10 - 25% on a reducing balance basis
Motor vehicles	25% on a reducing balance basis

Assets in the course of construction comprises land and professional fees relating to the imminent development of the land into offices. The useful life of this asset will not commence until construction has been completed and hence the asset has not been depreciated.

NOTES TO THE ACCOUNTS
Year ended 30 June 2001**1. ACCOUNTING POLICIES (continued)****Investments**

Investments held by the company, as fixed assets, are stated at cost, less any provision for impairment in value.

Investments in associated undertakings are accounted for under the equity method.

Current asset investments are included in the balance sheet at the lower of cost and net realisable value.

Stocks

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

Leases

Assets held under finance lease contracts are capitalised at their fair value on the inception of the lease and depreciated over the shorter of the period of the lease and the estimated useful lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account.

Rental costs under operating leases are charged to the 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 accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rates ruling at the dates of the transactions. 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.

Research and development

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

Contributions to pension funds

A subsidiary of the Group 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.

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 cashflows of joint arrangements measured in accordance with the terms governing the agreement.

NOTES TO THE ACCOUNTS
Year ended 30 June 2001

2. SEGMENTAL ANALYSIS

The turnover, operating profit and net assets attributable to the different classes of the group's business are:

	Turnover		Operating profit/(loss)		Net assets	
	2001	2000	2001	2000	2001	2000
	£'000	£'000	£'000	£'000	£'000	£'000
Aircraft chartering	289	298	(267)	(487)	177	(800)
Property investment	9,758	4,515	4,000	4,779	39,318	36,130
Manufacturing and marketing of computers, peripherals and software	80,287	86,993	(482)	2,018	25,081	26,868
Operation of professional football club	-	-	652	209	-	13,516
Provision of management services and group activities	557	493	(417)	219	95,520	69,829
	<u>90,891</u>	<u>92,299</u>	<u>3,486</u>	<u>6,738</u>	<u>160,096</u>	<u>145,543</u>

Inter-segment turnover is not material. All activities are predominantly in the UK.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' emoluments from the company and its subsidiary undertakings, from the date of appointment as directors of Amshold Group Limited to 30 June 2001 were £591,000 (30 June 2000 - £355,000). The emoluments of the highest paid director amounted to £163,000 (30 June 2000 - £167,000).

	2001	2000
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	10,735	10,278
Social security costs	1,103	1,088
Pension costs	39	42
	<u>11,877</u>	<u>11,408</u>
	No.	No.
Average number of persons employed	<u>428</u>	<u>469</u>

NOTES TO THE ACCOUNTS
Year ended 30 June 2001

4. OPERATING PROFIT

	2001 £'000	2000 £'000
Operating profit is after charging/(crediting)		
Depreciation and amortisation		
Goodwill	920	920
Negative goodwill	(24)	(24)
Goodwill in associated undertakings	77	25
Negative goodwill in associated undertakings	(116)	(231)
Owned assets	973	1,554
Leased assets	277	63
Rentals under operating leases		
Hire of plant and machinery	258	277
Other operating leases	139	150
Auditors' remuneration		
Audit	95	82
Other services	72	181
Exceptional items		
Proceeds from sale of trademark	-	(500)
Reversal of stock provisions	(592)	(2,826)
Reversal of amounts previously written off fixed assets	-	(38)
	<u> </u>	<u> </u>

5. NET INTEREST RECEIVABLE

	2001 £'000	2000 £'000
Interest receivable		
Bank interest	1,130	766
Interest on investments	6,482	6,440
Associated undertakings	-	4
	<u>7,612</u>	<u>7,210</u>
Interest payable		
Bank loans and overdrafts	(9)	(94)
Finance leases	(93)	(134)
Interest on loan notes	(1,336)	(1,866)
Associated undertakings	(177)	(285)
	<u>(1,615)</u>	<u>(2,379)</u>
	<u>5,997</u>	<u>4,831</u>

NOTES TO THE ACCOUNTS

Year ended 30 June 2001

6. TAX CHARGE/(CREDIT) ON PROFIT ON ORDINARY ACTIVITIES

	2001 £'000	2000 £'000
United Kingdom corporation tax at 30%		
(2000 – 30%) based on the profit for the year	3,873	4,848
Deferred taxation	4,308	9
Associated undertakings	111	(127)
	<u>8,292</u>	<u>4,730</u>
Adjustments to prior years' tax provisions		
Corporation tax	(558)	(5,952)
Deferred tax	(8)	-
Associated undertakings	-	(199)
	<u>7,726</u>	<u>(1,421)</u>

The prior year adjustment in the year ended 30 June 2000 principally related to the release of provisions relating to Amstrad Computers Limited, a wholly owned subsidiary of Learning Technology PLC. The issues against which provision had been made were resolved with the Inland Revenue and the provision was therefore released.

7. INTANGIBLE FIXED ASSETS

	Goodwill £'000	Negative goodwill £'000	Total £'000
Cost			
At 1 July 2000 and 30 June 2001	<u>18,427</u>	<u>(480)</u>	<u>17,947</u>
Accumulated amortisation			
At 1 July 2000	5,294	(168)	5,126
Charge for the year	920	(24)	896
At 30 June 2001	<u>6,214</u>	<u>(192)</u>	<u>6,022</u>
Net book value			
At 30 June 2001	<u>12,213</u>	<u>(288)</u>	<u>11,925</u>
At 30 June 2000	<u>13,133</u>	<u>(312)</u>	<u>12,821</u>

NOTES TO THE ACCOUNTS
Year ended 30 June 2001

8. INVESTMENT PROPERTIES

	Freehold £'000
At valuation	
At 1 July 2000	1,135
Transfer to assets in the course of construction	(200)
Net surplus on valuation during the year	37
	<hr/>
At 30 June 2001	972
	<hr/>
Representing:	
Properties valued	
Cost	581
Net surplus	391
	<hr/>
	972
	<hr/>

The investment properties were valued at £972,000 as at 30 June 2001 by the directors on open market basis. The revaluation surplus of £37,000 net of a deferred tax provision of £11,000 and a minority interest of £6,000 has been transferred to the revaluation reserve.

9. OTHER TANGIBLE FIXED ASSETS

	Freehold property £'000	Leasehold improve- ments £'000	Assets in the course of construction £'000	Aircraft £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost							
At 1 July 2000	1,906	753	-	2,324	6,212	1,334	12,529
Additions	-	51	97	513	727	254	1,642
Transfer from investment properties	-	-	200	-	-	-	200
Reversal of revaluation surplus on assets transferred	-	-	(94)	-	-	-	(94)
Disposals	-	(34)	-	(2,077)	(371)	(529)	(3,011)
Transfer to stock	-	-	-	-	(87)	-	(87)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2001	1,906	770	203	760	6,481	1,059	11,179
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation							
At 1 July 2000	210	704	-	810	4,743	603	7,070
Charge for the year	23	38	-	238	700	251	1,250
Disposals	-	(34)	-	(1,048)	(362)	(348)	(1,792)
Transfer to stock	-	-	-	-	(22)	-	(22)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2001	233	708	-	-	5,059	506	6,506
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value							
At 30 June 2001	1,673	62	203	760	1,422	553	4,673
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2000	1,696	49	-	1,514	1,469	731	5,459
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of the Group's aircraft and motor vehicles includes £nil and £104,000 in respect of these assets held under finance leases (2000 – total of £1,500,000).

NOTES TO THE ACCOUNTS
Year ended 30 June 2001

10. INVESTMENTS HELD AS FIXED ASSETS

The Group	Shares in associated undertakings £'000	Other investments £'000	Total £'000
Cost			
At 1 July 2000	14,956	-	14,956
Additions	221	21,885	22,106
Disposals	(9,311)	-	(9,311)
Share of profits less losses	(13)	-	(13)
Reclassification	(4,568)	4,568	-
At 30 June 2001	1,285	26,453	27,738
Net book value			
At 30 June 2001	1,285	26,453	27,738
At 30 June 2000	14,956	-	14,956

Shares in associated undertakings include goodwill with a net book value of £1,350,000 (2000 – £1,294,000) and negative goodwill with a net book value of £nil (2000 – £3,015,000). The Group has a 26% interest in the ordinary shares of Intelligent Network Technology Limited (intY) and a 49% shareholding in Pedegog Limited (trading as At School). Both companies are incorporated in Great Britain. Shares in associated undertakings at 30 June 2000 included shares with a net book value of £13,516,000 which were listed on a recognised investment exchange at 30 June 2000 and had a market value of £29,138,000. Disposal of these listed investments at their market values at 30 June 2000 would have given rise to a tax liability of approximately £6,685,000.

Following the sale of shares in Tottenham Hotspur plc, the Group no longer exercises a significant influence over this investment and accordingly, the remaining investment has been reclassified as an other fixed asset investment. These shares, which are listed on a recognised investment exchange have a net book value of £4,568,000. Their market value at 30 June 2001 was £6,832,000. Disposal of these shares at their market values at 30 June 2001 would have given rise to a tax liability of approximately £1,200,000.

Amshold Limited has granted ENIC plc an option to acquire, at any time within 18 months from the date of completion of the disposal on 28 February 2001, some or all of the 13,396,026 ordinary shares held in Tottenham Hotspur plc, representing 13.17% of that company's issued share capital at 80 pence per share. For a further period of 18 months from the option expiry date, ENIC plc has a right of first refusal to acquire any ordinary shares retained by Amshold Limited at a price no less favourable than that upon which Amshold Limited has agreed to sell such ordinary shares to a third party.

The balance of other investments are unlisted. The addition in the year represents the receipt of loan notes arising on the disposal of shares in Tottenham Hotspur plc.

The Company

The investment in the company's books represents the cost, after taking into account the merger relief provisions of the Companies Act 1985, of the investment in Amshold Limited.

NOTES TO THE ACCOUNTS
Year ended 30 June 2001

11. ADDITIONAL DISCLOSURE IN RESPECT OF SUBSIDIARY UNDERTAKINGS

The company's principal subsidiary undertakings are as follows:

	Country of registration	Activity	Portion of ordinary shares held and voting rights %
Amshold Limited	Jersey	Intermediate holding company	100
Amsail Limited	Great Britain	Aircraft chartering	100
Amsprop Limited	Great Britain	Intermediate holding company	76
Amsprop Investments Limited	Great Britain	Property investment	76
Amsprop Trading Limited	Great Britain	Property trading	76
Learning Technology PLC	Great Britain	Manufacturing and marketing of computers, peripherals and software	71
Viglen Limited	Great Britain	Manufacturing and marketing of computers, peripherals and software	71
Xenon Network Services Limited	Great Britain	Manufacturing and marketing of computers, peripherals and software	71
VigEcom Limited	Great Britain	Manufacturing and marketing of computers, peripherals and software	71
Amstrad Computer Limited	Great Britain	Investments and litigation	71

The Group, through Amsprop Trading Limited, also owns 50% of the issued ordinary share capital of Amsgal Properties Limited which is registered in England and Wales and operates in England and whose principal activity is acting as nominee for the joint venture interests of its shareholders. This joint arrangement is accounted for according to the terms of the agreement governing the arrangement.

The company's only direct shareholding at 30 June 2001 was Amshold Limited.

NOTES TO THE ACCOUNTS
Year ended 30 June 2001

12. STOCKS

	2001 £'000	2000 £'000
Properties held for resale	38,246	41,035
Raw materials, consumables and bought in products	3,323	5,800
Work in progress and finished goods	1,260	1,480
	<u>42,829</u>	<u>48,315</u>

13. DEBTORS

	2001 £'000	2000 £'000
Trade debtors	11,024	13,474
Amounts owed by undertakings in which the group has a participating interest	594	590
Other debtors	1,223	92
Prepayments and accrued income	1,036	598
	<u>13,877</u>	<u>14,754</u>

14. CURRENT ASSET INVESTMENTS

The investments are all cash deposits on fixed (six month) terms at Lloyds TSB Bank Plc that secure the loan notes issued by Learning Technology PLC. The loan notes are redeemable at six monthly intervals at the option of the note holders by giving thirty days notice. The deposits and loan notes are as follows:

	2001 £'000	2000 £'000
Cash deposits at Lloyds TSB Bank Plc	<u>112,424</u>	<u>113,823</u>
Loan notes secured by deposits:		
	2001 £'000	2000 £'000
Learning Technology PLC Floating Rate Loan Notes 2009	81,544	83,725
Learning Technology PLC Floating Rate Loan Notes 2010	22,748	21,951
Learning Technology PLC Vendor Loan Notes	<u>8,132</u>	<u>8,147</u>
	112,424	113,823
Less Loan Notes held by Amshold Limited	<u>(84,694)</u>	<u>(84,694)</u>
	<u>27,730</u>	<u>29,129</u>

15. CASH AT BANK AND IN HAND

Cash of £25,434,000 (30 June 2000 - £13,401,000) includes £2,626,000 (30 June 2000 - £2,492,000) held in trust in respect of litigation proceedings being conducted by Learning Technology PLC on behalf of the former shareholders of Amstrad plc. An equal and opposite balance of £2,626,000 (30 June 2000 - £2,492,000) is included in creditors. The net assets of the trust in the group balance sheet are £nil. Neither the trustees nor Amstrad plc will have any further call on Learning Technology PLC or any of its subsidiaries for further funding in relation to the litigation, but the trustees will have the power to raise further funds if required to carry on the litigation.

NOTES TO THE ACCOUNTS

Year ended 30 June 2001

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £'000	2000 £'000
Loan notes (note 14)	27,730	29,129
Bank loans and overdrafts	-	332
Payments received on account	160	165
Trade creditors	5,577	9,187
Obligations under finance leases	24	483
Current corporation tax	1,867	28
Other taxes and social security costs	693	1,178
Other creditors	913	2,298
Accruals and deferred income	4,248	2,173
	<u>41,212</u>	<u>44,973</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions, in respect of the expected costs of providing warranty support, closure cost of Amstrad Computers Limited, litigation costs and deferred tax for the Group are as follows:

	Warranty £'000	Restruct- uring £'000	Other £'000	Deferred Tax £'000	Total £'000
At 1 July 2000	2,440	540	2,543	17,442	22,965
Utilised during the year	(1,866)	(15)	(81)	-	(1,962)
Provision - current year	2,480	-	125	4,300	6,905
Arising on revaluation	-	-	-	11	11
Reversal on revalued land transferred to assets in course of construction	-	-	-	(28)	(28)
At 30 June 2001	<u>3,054</u>	<u>525</u>	<u>2,587</u>	<u>21,725</u>	<u>27,891</u>

The majority of the current warranty provision will be utilised within two years. The restructuring provision and the other provision both relate to Amstrad Computers Limited, and will not be utilised until existing litigation is resolved.

The amounts of deferred tax provided in the accounts and the amounts not provided are as follows:

	Provided		Not provided	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Other timing differences	<u>21,725</u>	<u>17,442</u>	<u>-</u>	<u>-</u>

18. CALLED UP SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised:		
1,000,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:		
24,400 ordinary shares of £1 each	<u>24</u>	<u>24</u>

NOTES TO THE ACCOUNTS
Year ended 30 June 2001

19. REVALUATION RESERVE

	£'000
At 1 July 2000	239
Net surplus on valuation during the year (note 8)	20
Reversal of revaluation reserve net of associated deferred tax and minority interest on land transferred to assets in the course of construction	(50)
At 30 June 2001	209

20. RECONCILIATION OF MOVEMENT IN CONSOLIDATED SHAREHOLDERS' FUNDS

	£'000
At 1 July 2000	145,543
Profit retained for the year	14,228
Other recognised gains and losses	325
At 30 June 2001	160,096

21. PROFIT FOR THE FINANCIAL YEAR

As permitted by Section 230 of the Companies Act 1985, the profit and loss of the parent company is not presented as part of these financial statements. The loss for the year ended 30 June 2001 accounted for in the books of the parent company was £13,000.

22. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2001 £'000	2000 £'000
Operating profit	3,486	6,738
Goodwill amortisation	920	920
Negative goodwill amortisation	(24)	(24)
Depreciation	1,250	1,617
Share of profit of associated undertakings	(275)	(149)
Reversal of amounts previously written off fixed assets	-	(38)
Loss on sale of fixed assets	46	-
Reversal of stock provisions released	(592)	(2,826)
Decrease/(increase) in stocks	6,143	(3,975)
Decrease in debtors	3,207	2,306
Decrease in creditors	(5,255)	(5,698)
Increase/(decrease) in provisions	643	(620)
Cash outflow from litigation proceedings (note 15)	(134)	(361)
Net cash inflow/(outflow) from operating activities	9,415	(2,110)

NOTES TO THE ACCOUNTS
Year ended 30 June 2001

22. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Reconciliation of net cash flow to movement in net cash

	2001 £'000	2000 £'000
Increase/(decrease) in cash in the year	12,365	(753)
Decrease in current asset investments	(1,399)	(8,778)
Decrease in loan notes	1,399	8,778
Decrease in debt finance	-	535
Decrease in finance lease obligations	1,666	483
Change in net funds resulting from cash flows	14,031	265
New finance leases	-	(90)
Movement in net funds in the year	14,031	175
Net funds at 1 July	96,070	95,895
Net funds at 30 June	110,101	96,070

(c) Analysis of net funds

	At 30 June 2000 £'000	Cash flows £'000	At 30 June 2001 £'000
Cash at bank and in hand	13,401	12,033	25,434
Bank loans and overdrafts	(332)	332	-
	13,069	12,365	25,434
Current asset investments	113,823	(1,399)	112,424
Loan notes	(29,129)	1,399	(27,730)
Finance leases	(1,693)	1,666	(27)
	96,070	14,031	110,101

(d) Sale of associated undertakings

	£'000
Value of loan notes received	21,885
Net book value of investment disposed of (note 10)	(9,311)
Costs of disposal	(111)
Profit on disposal	12,463

The receipt of loan notes is a non-cash transaction. The cash flow arising of £111,000 represents the costs of disposal.

NOTES TO THE ACCOUNTS
Year ended 30 June 2001

23. FINANCIAL COMMITMENTS

	2001 £'000	2000 £'000
Capital commitments		
Contracted for but not provided	5,700	5,869
Obligations under finance leases and hire purchase contracts		
Due within one year	24	483
Due after more than one year but not more than two years	3	472
Due after more than two year but not more than five years	-	738
	27	1,693

The outstanding finance leases at 30 June 2000 were principally in respect of an aircraft which was sold during the year resulting in the early redemption of the finance leases.

Operating lease commitments

	Land and buildings 2001 £'000	Other 2001 £'000	Land and buildings 2000 £'000	Other 2000 £'000
Leases which expire:				
In one year or less	31	85	13	37
Between one and five years	465	77	345	247
Over five years	69	-	69	-
	565	162	427	284

24. RELATED PARTY TRANSACTIONS

During the year Amshold Limited, a wholly owned subsidiary, received the following income:

- Fees totalling £325,000 (2000 – £250,000) from Amstrad plc in respect of the services of Sir Alan Sugar. Sir Alan Sugar owned 29% of the issued share capital of Amstrad plc at 30 June 2001. £27,083 was outstanding at 30 June 2001 (2000 – £nil).
- Fees totalling £66,667 (2000 - £100,000) in respect of the services of Sir Alan Sugar and £15,000 (2000 - £10,000) in respect of the services of C T Sandy from Tottenham Hotspur plc. £1,250 was outstanding at 30 June 2001 (2000 – £12,917).
- Fees totalling £50,000 (2000 – £50,000) from Amsprop Trading Limited in respect of the services of Sir Alan Sugar. The amount due from Amsprop Trading Limited was £26,308,343 at 30 June 2001 (2000 – £25,730,991).
- Fees totalling £100,000 (2000 – £80,000) from Learning Technology PLC in respect of the services of Sir Alan Sugar. The amount due from Learning Technology PLC was £8,333 at 30 June 2001 (2000 – £6,667).

NOTES TO THE ACCOUNTS**Year ended 30 June 2001****24. RELATED PARTY TRANSACTIONS (continued)**

During the year Amsprop Trading Limited, a 76% owned subsidiary, was involved in the following transactions:

- (a) Amstrad plc, a company in which Sir Alan Sugar owned a 29% shareholding at 30 June 2001, rents office space in Brentwood from Amsprop Trading Limited. During the year £179,170 (2000 – £152,416) was paid to Amsprop Trading Limited.
- (b) Disposal proceeds of £9,945 were received from the sale of approximately 80% of a motor car from Mrs Louise Baron, representing the proportion that she did not already own.

During the year Amsail Limited, a wholly owned subsidiary, received the following income:

- (a) Hire revenue for the use of an aircraft by Tottenham Hotspur plc. These hire charges totalled £nil (2000 – £8,033). There were no amounts outstanding at 30 June 2001 (30 June 2000 – £nil).
- (b) Hire revenue for the use of an aircraft by Amstrad plc. These hire charges totalled £1,167 (2000 – £18,239). There were no amounts outstanding at 30 June 2001 (30 June 2000 – £nil).
- (c) Hire revenue for the use of an aircraft by Learning Technology PLC. These hire charges totalled £nil (2000 – £1,417). There were no amounts outstanding at 30 June 2001 (30 June 2000 – £nil).
- (d) Hire revenue for the use of an aircraft by Amsprop Trading Limited. These hire charges totalled £30,385 (2000 – £10,832). There were no amounts outstanding at 30 June 2001 (30 June 2000 – £nil).

During the year Learning Technology PLC, a 71% owned subsidiary, entered into the following transactions:

- (a) The purchase from Tottenham Hotspur plc of advertising services worth £nil plus VAT (2000 – £26,000 plus VAT). The provision of £nil (2000 – £2,995) worth of services to Tottenham Hotspur plc.
- (b) During the year Amstrad plc provided £nil (2000 – £nil) worth of services to Learning Technology PLC and that company provided £715 (2000 – £19,456) worth of services to Amstrad plc.

During the year Tottenham Hotspur plc, entered into the following transactions:

- (a) Tottenham Hotspur plc invoiced £31,460 (2000 – £28,600) for advertising supplied to Amstrad plc. In June 1999 a three year advertising contract between Tottenham Hotspur plc and Amstrad plc was agreed, with a total value of £86,060.

25. CONTINGENT LIABILITIES

Learning Technology PLC is subject to various litigation, the financial implications of which are uncertain. On the basis of the information available the Board of Directors is satisfied that the eventual outcome of this litigation will not have any material adverse impact on the group.

NOTES TO THE ACCOUNTS

Year ended 30 June 2001

26. FINANCIAL INSTRUMENTS

The Group's financial instruments, other than derivatives, comprises cash and liquid resources, as well as items such as trade debtors and trade creditors that arise directly from the Group's operations.

The Group's subsidiary undertaking, Learning Technology PLC, also enters into derivative transactions (forward foreign currency contracts). The purpose of such transactions is to manage the currency risks arising from that company's operations. It is, and has been throughout the period under review, that company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. Policies for managing each of these risks are summarised below. These policies have remained unchanged throughout the year.

(a) Interest rate risk

The Group finances its operations through retained profits. Cash is placed on deposit for up to three months at fixed rates of interest.

(b) Liquidity risk

The Group's policy throughout the year ended 30 June 2001 has been to ensure that it has adequate liquidity by the Group's cash resources and if necessary its overdraft facilities.

(c) Foreign currency risk

Substantially all of the purchases made in respect of the manufacturing and marketing of computers, peripherals and software segment are in US dollars. It is the Group's policy to eliminate this exposure by either purchasing the currency forward or to hold cash in deposits in US dollars.

The interest rate and currency exposure of the Group's cash deposits were as follows:

	30 June 2001 £'000	30 June 2000 £'000
Sterling	19,487	6,726
US Dollars	3,235	4,003
Deutschmark	44	85
Pesetas	-	95
Euro	42	-
	<hr/>	<hr/>
	22,808	10,909
Cash held in trust (note 15)	2,626	2,492
	<hr/>	<hr/>
	25,434	13,401
	<hr/>	<hr/>

The cash deposits which all have a maturity of one month or less were at fixed rates of interest.

The Group's other foreign currency denominated assets and liabilities are not significant and there is no material difference between the book values of the Group's financial assets and liabilities. As at 30 June 2001 there were no forward contracts in place.

NOTES TO THE ACCOUNTS

Year ended 30 June 2001

27. POST BALANCE SHEET EVENTS

On 28 September 2001 Amshold Limited acquired 23,026,313 ordinary 10p shares, representing 29% of the issued share capital of Amstrad plc on the open market at a price of 36 pence per share, at a total cost of £8,289,000.

28. CONTROLLING INTEREST

The company is jointly controlled by Sir Alan Sugar and Lady Sugar, who own jointly 100% of the issued share capital of the company.