

AMSPROP LONDON LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2004

Company No: 2344929



AMSPROP LONDON LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2004

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AMSPROP LONDON LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Company registration number: 2344929

Registered office: Brentwood House
169 Kings Road
Brentwood
Essex CM14 4EF

Directors: Sir Alan Sugar
Lady Ann Sugar
Colin T Sandy
Louise J Baron
Andrew N Cohen
Daniel Sugar
Simon Sugar (Appointed 8 January 2004)

Secretary: Colin T Sandy

Bankers: Credit Suisse (UK) Limited
Five Cabot Square
London
E14 4QR

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

Auditors: Deloitte & Touche LLP
Chartered Accountants
London

AMSPROP LONDON LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 30 September 2004.

Principal activities

The principal activity of the company is the holding of investment property and investing in companies in the IT Sector.

Review of Business

During the year the company expanded its property portfolio. The company is the ultimate parent company of Viglen Technology Limited, Viglen Limited, Xenon Network Services Limited and Vigecom Limited. The company also indirectly has two associated companies Pedegog Limited (trading as AtSchool) and IntY Limited. Pedegog Limited has not been consolidated on the grounds of materiality.

Results

The results for the year are set out on page 5. The profit after taxation amounted to £4,463,173 (2003:as restated £5,285,429).

Viglen

Viglen is a successful IT company, which principally focuses on the education market. It has made a significant contribution to the group's profit for the year to 30 September 2004.

Xenon

Xenon continues to support the Viglen business through its national engineering base. The company also continues to win support contracts, mainly within higher education, and to design, install and support large Storage Area Networks.

IntY

IntY was profitable during this current year. The company now has a positive balance sheet and has cash reserves.

AtSchool

The company has made a small profit in the year. It continues to look for ways to expand its customer base and to capitalise on schools e-learning credits.

Vigecom

Vigecom did not trade during the year. It is used as the holding company for its 26% investment in IntY Limited

Dividends

The directors do not propose payment of a dividend (2003:£nil).

Future prospects

There are no planned changes to the company's activities.

AMSPROP LONDON LIMITED

REPORT OF THE DIRECTORS (continued)

Directors and their interests

Simon Sugar was appointed as a director on 8 January 2004. The other directors who are listed on page 1 held office throughout the year.

The following directors who held office at 30 September 2004 had interests in shares of the company:

	Ordinary share of £1 each	
	2004	2003
Sir Alan M Sugar	41,490,000	41,490,000

Colin Sandy holds an interest in 200 ordinary shares in Viglen Technology Limited. The other directors did not have any interests in the shares of the company or any other group company throughout the year ended 30 September 2004.

Payment Policy

It is the company's normal practise to pay its suppliers within the agreed payment terms provided that the suppliers meet their obligations. Trade creditors at the year end amounted to 62 days (2003:53 days).

Political and Charitable Donations

The group made Charitable donations of £nil (2003:£50,000) during the year. No political donations were made (2003:£nil).

Directors' responsibilities for the financial statements

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 the 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 year. In preparing those financial statements, the directors are required to:

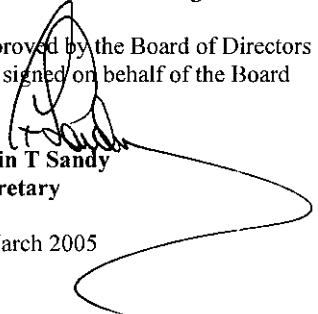
- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting standards have been followed;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to 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.

Auditors

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

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



Colin T Sandy
Secretary

4 March 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMSPROP LONDON LIMITED

We have audited the financial statements of Amsprop London Limited for the year ended 30 September 2004, which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement the principal accounting policies, and the related notes 1 to 30. 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

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 and other members of the group are 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 or material inconsistencies with the financial statements.

Basis of audit 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 September 2004 and of the profit for the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London
4 March 2005

AMSPROP LONDON LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2004

	Note	Year ended 30 September 2004 £	17 months ended 30 September 2003 (restated see note 1) £
TURNOVER	2	79,233,164	67,648,044
Operating costs	3	<u>(73,584,188)</u>	<u>(60,992,939)</u>
OPERATING PROFIT	2	5,648,976	6,655,105
Share of profit in associated undertakings	11	<u>194,997</u>	<u>48,054</u>
Profit on ordinary activities before interest		5,843,973	6,703,159
Net interest income	5	<u>460,744</u>	<u>455,280</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	6,304,717	7,158,439
Tax on profit on ordinary activities	7	<u>(1,841,544)</u>	<u>(1,873,010)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,463,173	5,285,429
Equity minority interest	25	<u>(1,264,596)</u>	<u>(1,295,874)</u>
Non-equity minority interest	25	<u>(55,910)</u>	<u>(44,881)</u>
Retained Profit for financial year /period		<u>3,142,667</u>	<u>3,944,674</u>

All activities relate to continuing operations.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 September 2004

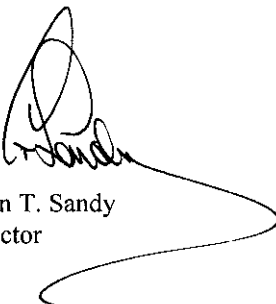
	Year ended 30 September 2004 £	17 months ended 30 September 2003 £
Profit for the financial period	3,142,667	3,944,674
Unrealised surplus/(deficit) on revaluation of property	<u>589,869</u>	<u>(57,897)</u>
Total recognised gains and losses relating to the year/period	3,732,536	3,886,777
Prior period adjustment (see note 1)	<u>(177,068)</u>	-
Total recognised gains and losses recognised since the last annual report	<u>3,555,468</u>	<u>3,886,777</u>

AMSPROP LONDON LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2004

	Note	As at 30 September 2004	As at 30 September 2003 (restated see note 1)
		£	£
Fixed assets			
Investment property	8	7,114,000	4,996,000
Fixed Assets	9	5,466,825	11,493,582
Investments	11	34,214	-
Goodwill	12	4,844,610	5,435,614
		<u>17,459,649</u>	<u>21,925,196</u>
Current assets			
Stocks	13	5,441,611	4,958,118
Debtors	14	15,599,009	15,050,650
Investments	15	89,034	83,665
Cash at bank and in hand		<u>11,924,051</u>	<u>11,219,211</u>
		33,053,705	31,311,644
Creditors: amounts falling due within one year	16	<u>(23,246,385)</u>	<u>(27,561,424)</u>
Net Current Assets		<u>9,807,320</u>	<u>3,750,220</u>
Total assets less current liabilities		27,266,969	25,675,416
Creditors: amounts falling due after one year	17	(2,739,346)	(4,390,370)
Provisions for liabilities and charges	19	<u>(816,901)</u>	<u>(1,200,156)</u>
Net assets	2	<u>23,710,722</u>	<u>20,084,890</u>
Capital and reserves			
Called up share capital	20	41,490,000	41,490,000
Profit and loss account	21	(25,153,066)	(28,295,733)
Revaluation reserve	23	<u>590,618</u>	<u>749</u>
Equity shareholders' funds	24	16,927,552	13,195,016
Equity minority interest	25	1,192,170	1,298,874
Non equity minority interest	25	<u>5,591,000</u>	<u>5,591,000</u>
Total capital employed		<u>23,710,722</u>	<u>20,084,890</u>

These financial statements were approved by the Board of Directors on 4 March 2005.

Signed on behalf of the Board of Directors.

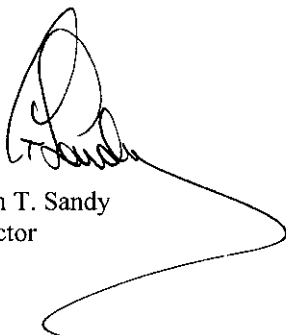

Colin T. Sandy
Director

AMSPROP LONDON LIMITED
COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2004

	Note	As at 30 September 2004 £	As at 30 September 2003 £
Tangible fixed assets			
Investment property	8	7,114,000	4,996,000
Investments	10	<u>7,000</u>	<u>7,000</u>
		<u>7,121,000</u>	<u>5,003,000</u>
Current assets			
Debtors	14	36,246	120,583
Investments	15	89,034	83,665
Cash at bank and in hand		<u>7,859,115</u>	<u>5,470,900</u>
		<u>7,984,395</u>	<u>5,675,148</u>
Creditors: amounts falling due within one year	16	<u>(130,198)</u>	<u>(80,468)</u>
Net Current Assets		<u>7,854,197</u>	<u>5,594,680</u>
Total assets less current liabilities		<u>14,975,197</u>	<u>10,597,680</u>
Capital and reserves			
Called up share capital	20	41,490,000	41,490,000
Profit and loss account	21	(27,105,421)	(30,893,069)
Revaluation reserve	23	<u>590,618</u>	<u>749</u>
Equity Shareholders' funds	24	<u>14,975,197</u>	<u>10,597,680</u>

These financial statements were approved by the Board of Directors on 4 March 2005.

Signed on behalf of the Board of Directors.



Colin T. Sandy
 Director

AMSPROP LONDON LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2004

	Note	Year ended 30 September 2004 £	17 months ended 30 September 2003 £
Net cash inflow from operating activities	26	6,169,760	5,532,014
Return on investments and servicing of finance			
Interest received		462,738	457,325
Interest paid		(1,994)	(2,045)
Dividends paid on preference shares	25	(55,910)	(44,881)
Dividends paid to minority interests	25	<u>(1,371,300)</u>	<u>-</u>
Net cash (outflow)/ inflow from returns on investments and servicing of finance		(966,466)	410,399
Taxation			
Corporation tax paid		(2,718,158)	(707,711)
Acquisitions and disposals			
Purchase of Subsidiaries		-	(412,140)
Capital expenditure and financial investments			
Purchase of investment properties		(1,528,131)	(4,030,897)
Purchase of tangible fixed assets		(299,854)	(2,268,194)
Sale of tangible fixed assets		47,689	<u>99,114</u>
Net cash outflow from capital expenditure and financial investments		(1,780,296)	(6,199,977)
Cash inflow/(outflow) before financing		<u>704,840</u>	<u>(1,377,415)</u>
Financing			
Issue of shares of subsidiary undertaking to minority interest		-	3,000
Increase/(decrease) in cash in year/period	27	<u>704,840</u>	<u>(1,374,415)</u>

AMSPROP LONDON LIMITED

PRINCIPAL ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and 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 principal accounting policies set out below have remained unchanged from the previous period with the exception of the changes caused by the implementation of Amendment to FRS5 (Application note G) with regard to revenue recognitions. Accordingly turnover in respect of extended warranties and service contracts is recognised over the life of the agreement on performance of the contractual obligations to the customer. Related costs are charged to the profit and loss account as incurred.

a) Accounting convention

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

b) Turnover

Turnover comprises the invoiced value of goods sold and services supplied by the group, excluding value added tax and trade discounts.

c) Consolidation

The group financial statements consolidate those of the company and all subsidiaries. On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the group's share of net separable assets. Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition and amortised over its estimated useful life.

d) Tangible Fixed Assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Leasehold improvements	- over life of lease
Motor vehicles	- 25% on cost
Fixtures, fittings and equipment	- 10% - 20% on cost

Equipment held at third parties as part of a managed service are depreciated over the life of the contract.

e) Investment properties

In accordance with SSAP 19, investment properties are revalued annually internally and externally every five years and the aggregate surplus or deficit is transferred to revaluation reserve. Any diminution in value, which is believed to be permanent, is written off to the profit and loss account in the year in which it arises. 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 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.

AMSPROP LONDON LIMITED

PRINCIPAL ACCOUNTING POLICIES (Continued)

f) Prior Year Adjustment

Revenues earned from extended warranties and service contracts were previously included in turnover in the period in which they were sold with full provision of liabilities for repair costs, which the company had assumed under these contracts. This charge has been accounted for as a prior year adjustment and previously reported figures have been restated accordingly. The financial effects in the consolidated profit and loss account and consolidated balance sheet are set out in note 1.

g) Managed Services

Assets used in providing managed services are capitalised at cost. These assets are then depreciated over the life of the contract. Revenue from these contracts are recognised over the life of the contract in line with the services provided.

h) Investments

In the consolidated accounts, shares in associated undertakings are accounted for using the equity method. The consolidated profit and loss account includes the group's share of the pre-tax results and attributable taxation of the associated undertakings based on audited financial statements for the financial year. In the consolidated balance sheet, the investment in associated undertakings is shown at the group's share of the net assets of the associated undertakings. Goodwill arising on the acquisition of an associate is capitalised as part of the carrying amount in the consolidated balance sheet and amortised over its estimated useful life.

i) Current Asset investments

Current asset investments are held at the lower of cost and net realisable value.

j) Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

k) Research and development

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

l) Foreign currencies

Transactions in foreign currencies are translated at the exchange rates ruling at the date of the transaction. 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.

m) 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.

AMSPROP LONDON LIMITED

PRINCIPAL ACCOUNTING POLICIES (Continued)

m) Taxation (continued)

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 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.

n) Extended Warranties

Income from extended warranties is held as deferred income and released over the length of the extended warranty. Costs associated with the extended warranty are taken to profit and loss account as and when the costs are incurred.

o) Contributions to pension funds

The company 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.

p) Leased assets

All current leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

AMSPROP LONDON LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 SEPTEMBER 2004

1 PRIOR PERIOD ADJUSTMENT

The change to accounting policy arising as detailed on page 10 has resulted in the prior period being restated as follows.

Consolidated Profit and Loss Account

	Turnover £	Operating Cost £	Operating Profit £
Original	68,099,320	(61,082,852)	7,016,468
Adjustment	(451,276)	89,913	(361,363)
Restated	<u>67,648,044</u>	<u>(60,992,939)</u>	<u>6,655,105</u>

The resulting tax charged has been reduced by £108,409 being 30% of £361,363.

Consolidated Balance Sheet

Creditors: amounts falling due in one year	Corporation Tax £	Deferred Income £
Original	(1,855,759)	(13,407,321)
Adjustment	108,409	(3,092,424)
Restated	<u>(1,747,350)</u>	<u>(16,499,745)</u>

Creditors: amounts falling due after one year

	Deferred Income £
Original	(3,538,354)
Adjustment	(852,016)
Restated	<u>(4,390,370)</u>

Provisions for liabilities and charges

	Provision £
Original	(4,622,450)
Adjustment	3,583,077
Restated	<u>(1,039,373)</u>

Equity Minority Interests

Original	1,374,760
Adjustment	(75,886)
Restated	<u>(1,298,874)</u>

The cumulative effect on brought forward consolidated reserves is a reduction of £177,068.

AMSPROP LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2004

2 TURNOVER AND SEGMENTAL RESULTS

Turnover, net assets and operating profit on ordinary activities before taxation are attributable to the manufacture and marketing of computers peripherals and software and the management of networked solutions. Additionally turnover is also derived from the sale of current asset investments, which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and operating profit arise predominantly within the United Kingdom. Turnover, operating profit and net assets are analysed as follows:

	Year ended 30 September 2004 £	17 months ended 30 September 2003 (restated) £
Turnover		
IT Market	78,570,764	66,205,296
Property and shares	662,400	1,442,748
	<u>79,233,164</u>	<u>67,648,044</u>
Operating Profit		
IT Market	5,352,170	5,556,848
Property and shares	296,806	1,098,257
	<u>5,648,976</u>	<u>6,655,105</u>
Net Assets		
IT Market	8,735,525	9,487,210
Property and shares	14,975,197	10,597,680
	<u>23,710,722</u>	<u>20,084,890</u>

3 OPERATING COSTS

	Year ended 30 September 2004 £	17 months ended 30 September 2003 (restated) £
Other operating income	20,965	9,601
Changes in work in progress and finished goods	(2,888,896)	124,086
Raw materials and consumables	(47,459,027)	(41,789,458)
Other external charges	(6,109,342)	(5,075,433)
Staff costs	(10,098,780)	(8,412,681)
Depreciation	(6,305,884)	(5,359,483)
Profit on sale of fixed asset	26,962	54,767
Amortisation of goodwill	(591,004)	(474,422)
Other operating charges	(179,182)	(69,916)
	<u>(73,584,188)</u>	<u>(60,992,939)</u>

4 STAFF COSTS

Staff costs, including directors, during the year/period were as follows

	Year ended 30 September 2004 £	17 months ended 30 September 2003 £
Wages and salaries	9,075,040	7,582,202
Social Security costs	985,641	798,108
Pension costs	38,099	32,371
	<u>10,098,780</u>	<u>8,412,681</u>

The average number of employees during the year were 335 (2003:335).

Directors' emoluments	<u>100,000</u>	<u>83,333</u>
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AMSPROP LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2004

5 NET INTEREST INCOME

	Year ended 30 September 2004 £	17 months ended 30 September 2003 £
Interest receivable	462,738	457,325
Interest payable	(1,994)	(2,045)
Net interest income	<u>460,744</u>	<u>455,280</u>

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is after charging:

	Year ended 30 September 2004 £	17 months ended 30 September 2003 £
Depreciation of fixed assets	6,305,884	5,359,483
Auditors' remuneration		
- audit fees - company	5,000	5,000
- other	45,500	42,000
- non audit services	28,925	22,764
Hire of plant and machinery	149,072	182,022
Hire of other assets	113,372	127,274
Hire of land and buildings	916,485	763,738
Amortisation of goodwill	<u>591,004</u>	<u>474,422</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

Group	Year ended 30 September 2004 £	17 months ended 30 September 2003 (restated) £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 30%(2003-30%)	(2,680,468)	(2,506,740)
Adjustment in respect of prior years' tax provisions	1,960	-
Total current taxation	<u>(2,678,508)</u>	<u>(2,506,740)</u>
Deferred taxation		
Movement in short term timing differences	838,739	632,432
Prior year adjustment	(1,775)	1,298
Tax on profit on ordinary activities.	<u>(1,841,544)</u>	<u>(1,873,010)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2003-30%). The actual tax charge of the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

AMSPROP LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2004

7 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Group	Year ended 30 September 2004 £	17 months ended 30 September 2003 (restated) £
Profit on ordinary activities before tax	6,304,717	7,158,439
Tax on profit on ordinary activities before tax at standard rate	(1,891,415)	(2,147,532)
Factors affecting charge for the year:		
Permanent differences	(126,698)	(122,938)
Capital allowances in excess of depreciation	(848,050)	(640,471)
Utilisation of brought forward losses	176,384	404,201
Other timing differences	9,311	-
Capital losses for year	1,960	-
Current tax charge for the year	(2,678,508)	(2,506,740)

Deferred tax has not been provided on revaluation of fixed assets. The tax will only become payable if the assets are sold and rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £177,185 (2003:£225).

8 INVESTMENT PROPERTY

Group and company	Freehold £
Valuation and net book value	
At 1 October 2003	4,996,000
Additions	1,528,131
Net surplus on revaluation during the year	589,869
At 30 September 2004	7,114,000
Representing	
Properties valued	
Cost	6,523,382
Net surplus	590,618
	7,114,000

The investment properties were valued by the directors at 30 September 2004 on an open market basis.

AMSPROP LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2004

9 TANGIBLE FIXED ASSETS

Group	Leasehold Improvement £	Managed Service Assets £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 October 2003	811,302	17,778,802	4,071,748	608,010	23,269,862
Additions	-	81,353	175,779	42,722	299,854
Disposals	-	(761,262)	(51,222)	(234,780)	(1,047,264)
At 30 September 2004	811,302	(17,098,893)	4,196,305	415,952	22,522,452
Depreciation					
At 1 October 2003	775,739	7,033,914	3,544,919	421,708	11,776,280
Charged in the year	23,990	5,939,887	259,099	82,908	6,305,884
Disposals	-	(761,035)	(50,894)	(214,608)	(1,026,537)
At 30 September 2004	799,729	12,212,766	3,753,124	290,008	17,055,627
Net book value					
At 30 September 2004	11,573	4,886,127	443,181	125,944	5,466,825
Net book value					
At 30 September 2003	35,563	10,744,888	526,829	186,302	11,493,582

During the year £15,930,730 (2003:£12,377,738) of revenue was recognised in respect of Managed Services.

10 FIXED ASSET INVESTMENTS

Group

The group's associated undertakings at 30 September 2004 were a 26% shareholding in IntY Limited and a 49% shareholding in Pedegog Limited (trading as AtSchool); both companies are incorporated in Great Britain. The Directors believe that Pedegog Limited is immaterial to the group accounts, and has not been equity accounted for on the grounds of materiality.

Company

Investment in subsidiary

Cost and net book value

At 1 October 2003 and at 30 September 2004

£

7,000

The subsidiary investment at 30 September 2004 is a 70% shareholding in Viglen Technology Limited.

The company's principal subsidiary undertakings are Viglen Limited, Xenon Network Services Limited, Vigecom Limited and Viglen Technology Limited, which all operate in the United Kingdom and engage in the group's principal activity. Viglen Technology Limited wholly owns Viglen Limited, Xenon Network Services Limited and Vigecom Limited and is itself 70% owned by Amsprop London Limited.

11 INVESTMENTS

The share of the net assets of associate company relates to the investment in Inty Limited. The group's share of the profits from Inty Limited was £194,997 during the year. When added to the brought forward liability of £160,793 (see note 19) this resulted in an asset of £34,214.

AMSPROP LONDON LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 30 SEPTEMBER 2004

12 GOODWILL

On 11 December 2002 the company acquired a 70% interest in Viglen Technology Limited as a result of the acquisition goodwill of £5,910,036 was generated. This is being amortised over ten years from 11 December 2002.

Group	Cost	Amortisation	Net Book Value
	£	£	£
At 1 October 2003	5,910,036	(474,422)	5,435,614
Amortisation during year	-	(591,004)	(591,004)
At 30 September 2004	<u>5,910,036</u>	<u>(1,065,426)</u>	<u>4,844,610</u>

13 STOCKS

	Group 2004	Group 2003	Company 2004	Company 2003
	£	£	£	£
Raw materials and consumables	4,458,351	3,635,040	-	-
Working progress and finished goods	983,260	1,323,078	-	-
	<u>5,441,611</u>	<u>4,958,118</u>	<u>-</u>	<u>-</u>

14 DEBTORS

	Group 2004	Group 2003	Company 2004	Company 2003
	£	£	£	£
Trade Debtors	13,962,426	14,030,533	22,854	118,870
Corporation Tax recoverable	-	259,992	-	-
Deferred Tax (see note 18)	1,148,633	311,669	-	-
Other debtors	48,063	23,451	530	532
Prepayments and accrued income	439,887	425,005	12,862	1,181
	<u>15,599,009</u>	<u>15,050,650</u>	<u>36,246</u>	<u>120,583</u>

15 CURRENT ASSET INVESTMENTS

	Group 2004	Group 2003	Company 2004	Company 2003
	£	£	£	£
Shares at market value	<u>89,034</u>	<u>83,665</u>	<u>89,034</u>	<u>83,665</u>

The investments are all shares traded on a recognised stock exchange and are valued at the lower of cost or net realisable value on 30 September 2004.

AMSPROP LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2004

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2004	Group 2003 (restated – see note 1)	Company 2004	Company 2003
	£	£	£	£
Trade creditors	8,043,775	6,156,709	-	-
Corporation tax	1,447,708	1,747,350	-	-
Other taxes and social security costs	2,395,310	1,643,876	-	-
Accruals	1,599,500	1,513,744	130,198	80,468
Deferred income	9,760,092	16,499,745	-	-
	<u>23,246,385</u>	<u>27,561,424</u>	<u>130,198</u>	<u>80,468</u>

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2004	Group 2003 (restated - see note 1)	Company 2004	Company 2003
	£	£	£	£
Deferred income				
Between one and two years	2,123,398	3,513,410	-	-
Between two and three years	615,948	876,960	-	-
	<u>2,739,346</u>	<u>4,390,370</u>	<u>-</u>	<u>-</u>

18 DEFERRED TAX ASSET

	Group 2004	Group 2003	Company 2004	Company 2003
	£	£	£	£
Movement on deferred taxation				
At 1 October 2003	(311,669)	-	-	-
On acquisition of subsidiaries	-	322,061	-	-
Credit to profit and loss account	(836,964)	(633,730)	-	-
At 30 September 2004	<u>(1,148,633)</u>	<u>(311,669)</u>	<u>-</u>	<u>-</u>
	Group 2004	Group 2003	Company 2004	Company 2003
	£	£	£	£
Capital allowances in excess of depreciation	(1,139,033)	(293,208)	-	-
Short term timing differences	(9,600)	(18,461)	-	-
Deferred tax asset	<u>(1,148,633)</u>	<u>(311,669)</u>	<u>-</u>	<u>-</u>

AMSPROP LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2004

19 PROVISIONS FOR LIABILITIES AND CHARGES

	Warranty	Share of net liabilities of associate	Total
	£	£	£
At 1 October 2003 (restated - see note 1)	1,039,373	160,783	1,200,156
Utilised during the year	(701,286)	-	(701,286)
Providing during the year	478,814	-	478,814
Retained profit in year	-	(160,783)	(160,783)
At 30 September 2004	<u>816,901</u>	<u>-</u>	<u>816,901</u>

The majority of the warranty provision will be utilised within two years. The provision for the share of net liabilities of the associate has unwound during the year (see note 11).

20 CALLED UP SHARE CAPITAL

	30 September 2004 Ordinary Shares of £1 each		30 September 2003 Ordinary Shares of £1 each	
	Number	£	Number	£
Authorised	50,000,000	50,000,000	50,000,000	50,000,000
Called up, allotted and fully paid	<u>41,490,000</u>	<u>41,490,000</u>	<u>41,490,000</u>	<u>41,490,000</u>

21 PROFIT AND LOSS ACCOUNT

	Group (restated see note 1) £	Company £
At 1 October 2003	(28,295,733)	(30,893,069)
Retained profit for the year	<u>3,142,667</u>	<u>3,787,648</u>
At 30 September 2004	<u>(25,153,066)</u>	<u>(27,105,421)</u>

22 PROFIT FOR THE FINANCIAL YEAR

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit after taxation for the financial year amounts to £3.8m (2003:£1.3m).

AMSPROP LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2004

23 REVALUATION RESERVE

	Group £	Company £
At 1 October 2003	749	749
Surplus on revaluations during year	<u>589,869</u>	<u>589,869</u>
At 30 September 2004	<u>590,618</u>	<u>590,618</u>

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2004 £	Group 2003 (restated see note 1) £	Company 2004 £	Company 2003 £
Opening shareholders' funds	13,195,016	9,308,239	10,597,680	9,308,239
Profit for financial year	3,142,667	3,944,674	3,787,648	1,347,338
Surplus/(deficit) on valuation during the year	<u>589,869</u>	<u>(57,897)</u>	<u>589,869</u>	<u>(57,897)</u>
Closing shareholders' funds	<u>16,927,552</u>	<u>13,195,016</u>	<u>14,975,197</u>	<u>10,597,680</u>

25 MINORITY INTERESTS

	Equity £	Non Equity £	Total £
At 1 October 2003 (restated-see note 1)	1,298,874	5,591,000	6,889,874
Arising in year	1,264,596	55,910	1,320,506
Dividend paid to ordinary and preference shareholders of subsidiary undertaking	<u>(1,371,300)</u>	<u>(55,910)</u>	<u>(1,427,210)</u>
	<u>1,192,170</u>	<u>5,591,000</u>	<u>6,783,170</u>

26 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004 £	2003 (restated see note 1) £
Operating profit	5,648,976	6,655,105
Amortisation of goodwill	591,004	474,422
Depreciation	6,305,884	5,359,483
Profit on sale of fixed assets	(26,962)	(54,767)
Increase in stocks	(483,493)	(135,806)
Decrease in debtors	28,613	1,666,295
Increase/(Decrease) in creditors	2,724,256	(3,063,065)
(Decrease)/Increase in investments	(5,369)	154,494
Decrease in deferred income	(8,390,677)	(3,250,637)
(Decrease)/Increase in provisions	<u>(222,472)</u>	<u>(2,273,510)</u>
	<u>6,169,760</u>	<u>5,532,014</u>

AMSPROP LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2004

27 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2004 £	2003 £
At 1 October 2003	11,219,211	8,043,319
On acquisition	-	4,550,307
Change in net funds resulting from cash flows	704,840	(1,374,415)
At 30 September 2004	<u>11,924,051</u>	<u>11,219,211</u>

28 ANALYSIS OF CHANGES IN NET FUNDS

	1 October 2003 £	Cash Flow £	30 September 2004 £
Cash in bank and in hand	<u>11,219,211</u>	<u>704,840</u>	<u>11,924,051</u>

29 LEASING COMMITMENTS

At 30 September 2004 the group has annual non-cancellable lease commitments, which expire

	2004		2003	
	Land and Buildings £	Other £	Land and Buildings £	Other £
In one year or less	470,110	66,441	625	1,058
Between one and five years	104,933	26,464	499,640	103,522
Over five years	450,000	-	517,241	-
	<u>1,025,043</u>	<u>92,905</u>	<u>1,017,506</u>	<u>104,580</u>

30 ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The company is controlled by Sir Alan Sugar, who owns 100% of the issued share capital.

By reason of Sir Alan Sugar's indirect ownership of 76% of the ordinary shares of Amsprop Limited, Amsprop Estates Limited and Amsprop Investments Limited, 29% of ordinary shares of Amstrad plc and indirect ownership of 100% of the ordinary shares of Amshold Securities Limited, Sir Alan Sugar has an interest in the following contracts between Amsprop London Limited and its subsidiaries and those companies:

- 1) During the year the group provided £12,530 plus VAT (2003:£24,123 plus VAT) of services to Amstrad plc. The company also received £28,514 plus VAT (2003:£6,883 plus VAT) worth of services from Amstrad plc
- 2) The group signed a fifteen year lease for the use of Viglen House in December 2002. During the year £450,000 (2003: £365,281) was paid in rent to Amsprop Investments Limited.
- 3) During the year Amsprop London Limited was charged £25,000 plus VAT (2003:£35,417 plus VAT) by Amsprop Estates Limited for financial services.
- 4) During the year the group provided £19,471 plus VAT (2003:£nil) of services to Amsprop Estates Limited.
- 5) During the year the group provided £18,363 plus VAT (2003:£nil) of services to Amsprop Estates Limited.
- 6) There is an amount receivable from Amstrad plc at 30 September 2004 of £5,201 (2003:£nil) and an amount receivable from Amsprop Estates Limited of £2,054 (2003:£nil).