

AMSPROP TRADING LIMITED

Report and Financial Statements

30 June 2000

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



REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir Alan M Sugar

Lady Sugar

C T Sandy

L J Sugar (appointed 15 May 2000)

A N Cohen (appointed 15 May 2000)

D P Sugar (appointed 17 December 2000)

SECRETARY

C T Sandy

REGISTERED OFFICE

Brentwood House

169 Kings Road

Brentwood

Essex

CM14 4EF

BANKERS

Lloyds Bank plc

City Branch

11-15 Monument Street

London

EC3V 9JA

SOLICITORS

H Montlake & Co.

197 High Road

Ilford

Essex

IG1 1LX

Herbert Smith

Exchange House

Primrose Street

London

EC2A 2HS

AUDITORS

Deloitte & Touche

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 2000.

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 £4,152,182 (1999 -£5,092,427) as shown on page 5.

DIVIDENDS

The directors do not recommend the payment of a dividend (1999 - £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 during the year are listed below:

Sir Alan Sugar

Lady Sugar

C T Sandy

L Sugar (appointed 15 May 2000)

A Cohen (appointed 15 May 2000)

D P Sugar (appointed 17 December 2000)

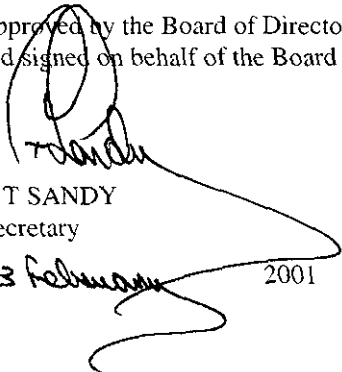
DIRECTORS' INTERESTS

None of the directors who held office at 30 June 2000 had any interests in the shares of the company during the year (1999 - none). 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

23 February 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF AMSPROP TRADING LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 2000 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

23 February 2001

PROFIT AND LOSS ACCOUNT
Year ended 30 June 2000

	Note	2000 £	1999 £
TURNOVER	2	4,484,369	10,364,777
Cost of sales		903,174	(4,100,627)
Gross profit		5,387,543	6,264,150
Administrative expenses		(1,184,773)	(1,132,381)
OPERATING PROFIT	3	4,202,770	5,131,769
Interest receivable and similar income		15,730	24,052
Interest payable and similar charges	5	(66,318)	(63,394)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,152,182	5,092,427
Tax on profit on ordinary activities	6	(1,268,203)	(1,574,763)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,883,979	3,517,664
Profit and loss account brought forward		8,630,954	5,113,290
Profit and loss account carried forward		11,514,933	8,630,954

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

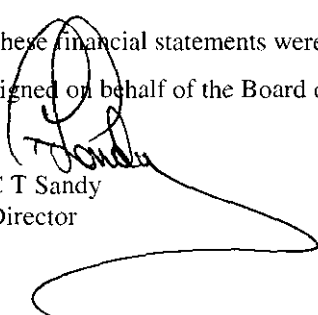
All amounts derive from the company's continuing activities.

BALANCE SHEET
30 June 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Investments	7	2	2
Tangible fixed assets	8	284,247	307,128
		<u>284,249</u>	<u>307,130</u>
CURRENT ASSETS			
Dealing stocks		36,772,207	33,571,047
Debtors	9	929,772	954,003
Cash at bank and in hand		2,200,490	853,650
		<u>39,902,469</u>	<u>35,378,700</u>
CREDITORS: amounts falling due within one year			
Bank loans and overdrafts	11	332,241	437,438
Obligations under finance leases	11	49,779	37,848
Trade creditors		160,007	223,829
Amounts owed to group undertakings - parent and fellow subsidiary undertakings		25,730,991	18,047,680
Other creditors including taxation and social security	10	1,550,750	6,696,269
Accruals and deferred income		801,031	1,034,060
		<u>28,624,799</u>	<u>26,477,124</u>
NET CURRENT ASSETS		<u>11,277,670</u>	<u>8,901,576</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,561,919</u>	<u>9,208,706</u>
CREDITORS: amounts falling due after more than one year			
Bank loans	11	-	(535,188)
Obligations under finance leases	11	(39,228)	(34,306)
		<u>(39,228)</u>	<u>(569,494)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>(7,658)</u>	<u>(8,158)</u>
TOTAL NET ASSETS		<u>11,515,033</u>	<u>8,631,054</u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account		11,514,933	8,630,954
TOTAL EQUITY SHAREHOLDERS' FUNDS	14	<u>11,515,033</u>	<u>8,631,054</u>

These financial statements were approved by the Board of Directors on 23 February 2001.

Signed on behalf of the Board of Directors


C T Sandy
Director

NOTES TO THE ACCOUNTS**Year ended 30 June 2000****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

Dealing stocks

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 on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

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. Rents receivable were £2,377,886 (1999 - £2,989,723).

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

3. OPERATING PROFIT

	2000	1999
	£	£
Operating profit is stated after charging/(crediting):		
Administrative expenses including:		
Depreciation		
- own assets	53,667	45,385
- leased assets	35,743	28,394
Auditors' remuneration		
- audit fees	5,000	5,000
- non-audit fees	2,139	2,962
Net release of stock provisions	<u>(2,330,063)</u>	<u>(1,681,382)</u>

4. STAFF COSTS

Directors' emoluments amounted to £247,317 (1999 - £208,589). 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 £166,816 (1999 - £127,577). An interest-free loan was also made to one of the directors (see note 16).

The average number of other employees in the year was 5 (1999 - 8). Their total remuneration was:

	2000	1999
	£	£
Wages and salaries	285,522	242,115
Social security costs	29,868	28,604
	<u>315,390</u>	<u>270,719</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
Bank loans and overdrafts	531	775
Other loans	57,311	56,623
Finance leases	8,476	5,996
	<u>66,318</u>	<u>63,394</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
United Kingdom corporation tax at 30% (1999 - 30%)	1,261,038	1,566,605
Income tax on investment income	7,665	-
Deferred taxation	(500)	8,158
	<u>1,268,203</u>	<u>1,574,763</u>

NOTES TO THE ACCOUNTS
Year ended 30 June 2000

7. INVESTMENTS

	Participating interest £
Cost at 1 July 1999 and 30 June 2000	2

The company owns 50% of the issued ordinary share capital of Amstec Properties Limited and Amsgal Properties Limited which are both registered and operate in England. Their principal activities are acting as nominees for the joint property interests of its shareholders. These joint arrangements are accounted for according to the terms of the agreement governing the arrangements. Amstec Properties Limited is in the process of being struck off the register and dissolved under Section 652A of the Companies Act 1985.

8. TANGIBLE FIXED ASSETS

	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 July 1999	206,958	241,131	448,089
Additions	-	72,785	72,785
Disposals	(1,809)	(29,200)	(31,009)
At 30 June 2000	205,149	284,716	489,865
Depreciation			
At 1 July 1999	51,543	89,418	140,961
Charge for the year	38,613	50,797	89,410
Disposals	(849)	(23,904)	(24,753)
At 30 June 2000	89,307	116,311	205,618
Net book value			
At 30 June 2000	115,842	168,405	284,247
At 30 June 1999	155,415	151,713	307,128

The net book value of the company's motor vehicles includes £124,027 (1999 - £102,544) in respect of assets held under finance leases.

9. DEBTORS

	2000 £	1999 £
Trade debtors	197,377	118,963
Amounts owed by undertakings in which the company has a participating interest	590,367	606,875
Other debtors	1,209	76,257
Taxation recoverable	34,370	41,622
Prepayments and accrued income	106,449	110,286
	929,772	954,003

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

10. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2000 £	1999 £
Other taxation and social security	26,638	39,008
Director's loan (secured)	-	5,011,828
Other creditors	1,524,112	1,645,433
	<u>1,550,750</u>	<u>6,696,269</u>

The director's loan was from Sir Alan Sugar and was interest free, and repayable on demand. It was secured by a fixed and floating charge over the assets of the company. The maximum outstanding in the year was £5,011,828.

11. MATURITY PROFILE OF FINANCIAL LIABILITIES

	30 June 2000		30 June 1999	
	Bank loans and overdrafts £	Finance leases £	Bank loans and overdrafts £	Finance leases £
Within one year	<u>332,241</u>	<u>49,779</u>	<u>437,438</u>	<u>37,848</u>
More than one year but not more than two years	-	33,890	34,375	26,073
More than two years but not more than five years	-	5,338	133,125	8,233
More than five years	-	-	367,688	-
	<u>-</u>	<u>39,228</u>	<u>535,188</u>	<u>34,306</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 July 1999	8,158
Credited to profit and loss account	<u>(500)</u>
At 30 June 2000	<u>7,658</u>

The deferred taxation provided arises as a result of other timing differences. There is no unprovided deferred taxation.

NOTES TO THE ACCOUNTS
Year ended 30 June 2000

13. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Opening balance	8,631,054	5,113,390
Profit retained for the year	<u>2,883,979</u>	<u>3,517,664</u>
Closing balance	<u>11,515,033</u>	<u>8,631,054</u>

15. OPERATING LEASE COMMITMENTS

At 30 June 2000 the company was not committed to making any payments during the next year in respect of operating leases.

16. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

At 30 June 2000 the ultimate parent company and controlling party was Amshold Group Limited, a company incorporated in Great Britain and registered in England and Wales. This company is in turn owned jointly by Sir Alan Sugar and Lady Sugar.

The intermediate parent company is Amsprop Limited, a company incorporated in Great Britain and registered in England and Wales. Amsprop Limited is also the parent which heads the smallest group for which group accounts are prepared. Copies of the group financial statements of Amsprop Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

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 made an interest-free loan of £45,000 to C T Sandy, one of the directors, on 19 March 1999. £10,000 of this loan was waived on 1 August 1999 and the balance of £35,000 was waived on 1 May 2000. Therefore the balance outstanding at year end was £nil. The maximum amount outstanding during the year was £45,000.

The company rents out office space in Brentwood to Amstrad plc, a company in which Sir Alan Sugar owns a 29% shareholding. During the year £152,416 was received from Amstrad plc. Amstrad plc renewed its various leases with Amsprop Trading Ltd on 3 June 2000, for a period of 10 years at a total rent of £175,759 per annum.