

AMSPROP INVESTMENTS 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 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

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 FUTURE PROSPECTS

The company is principally engaged in the business of property investment. These properties are held for their long term investment potential and accordingly are treated as fixed assets.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (1999 - £nil). The profit on ordinary activities after taxation for the year was £961,328 (1999 - £669,193).

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)

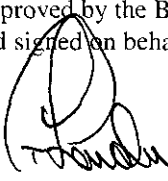
DIRECTORS' INTERESTS

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 interests in that company's shares are shown in the financial statements of Amsprop Limited.

AUDITORS

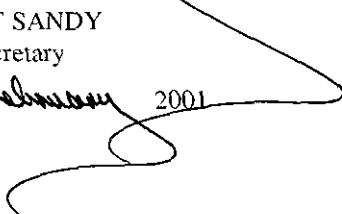
An elective resolution has been passed, in accordance with S379a of the Companies Act 1985, dispensing with the obligation to appoint auditors annually. Accordingly Deloitte & Touche will remain in office until such time as the elective resolution is revoked.

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 INVESTMENTS LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 8.

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	71,746	91,174
GROSS PROFIT		71,746	91,174
Administrative expenses		(5,341)	(6,538)
OPERATING PROFIT	5	66,405	84,636
Profit on sale of investment property		1,269,488	708,403
Interest receivable and similar income		29	-
Interest payable and similar charges	4	-	(29)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,335,922	793,010
Tax on profit on ordinary activities	6	(374,594)	(123,817)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		961,328	669,193
Profit and loss account brought forward		1,550,262	931,069
Revaluation reserve realised and transferred to profit and loss account		28,898	(50,000)
Profit and loss account carried forward		<u>2,540,488</u>	<u>1,550,262</u>

All amounts derive from continuing operations.

On an historical cost basis, the reported profit on ordinary activities after taxation would have been £28,898 higher (1999 - £50,000 lower) than that reported above.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 June 2000

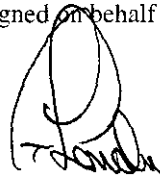
	2000 £	1999 £
Profit for the financial year	961,328	669,193
Unrealised surplus on revaluation of property net of increase in deferred tax provision	<u>102,945</u>	<u>139,550</u>
Total recognised gains and losses relating to the year	<u><u>1,064,273</u></u>	<u><u>808,743</u></u>

BALANCE SHEET
30 June 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Investment properties	7	1,135,000	1,421,000
CURRENT ASSETS			
Amounts owed by group undertakings		2,379,159	872,806
Cash at bank and in hand		944	631
		<u>2,380,103</u>	<u>873,437</u>
CREDITORS: amounts falling due within one year			
Amounts owed to group undertakings			-
Other creditors including taxation and social security	8	246,979	123,749
Accruals and deferred income		20,754	19,326
		<u>267,733</u>	<u>143,075</u>
NET CURRENT ASSETS		<u>2,112,370</u>	<u>730,362</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,247,370	2,151,362
PROVISIONS FOR LIABILITIES AND CHARGES	14	(212,035)	(180,300)
		<u>3,035,335</u>	<u>1,971,062</u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Revaluation reserve	10	494,747	420,700
Profit and loss account		<u>2,540,488</u>	<u>1,550,262</u>
EQUITY SHAREHOLDERS' FUNDS	11	<u>3,035,335</u>	<u>1,971,062</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. 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.

Investment properties

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus net of any tax effect or deficit is transferred to revaluation reserve. Any diminution in value 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.

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.

2. TURNOVER

Turnover comprises rental income receivable by the company and the value of insurance recoveries. All turnover arises in the United Kingdom.

3. STAFF COSTS

The company has no employees (1999 - none). The directors received no emoluments during the year (1999 - £nil).

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
Bank overdraft interest	-	29

NOTES TO THE ACCOUNTS
Year ended 30 June 2000

5. OPERATING PROFIT

Operating profit is stated after charging:

	2000 £	1999 £
Auditors' remuneration - audit	1,627	1,500
- non audit	2,581	1,830
	<u>4,208</u>	<u>3,330</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
United Kingdom corporation tax at 30% (1999 - 30%)	387,436	123,817
Deferred tax	(12,384)	-
Adjustment in respect of prior years	(458)	-
	<u>374,594</u>	<u>123,817</u>

7. INVESTMENT PROPERTIES

	Freehold £
At 1 July 1999	1,421,000
Additions	16,551
Net surplus on valuation during the year	147,064
Disposal	(449,615)
At 30 June 2000	<u>1,135,000</u>
Representing	
Properties valued	
Cost	428,218
Net surplus	706,782
	<u>1,135,000</u>

The investment properties were valued by the directors at 30 June 2000 on an open market basis.

8. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2000 £	1999 £
Corporation tax	<u>246,979</u>	<u>123,749</u>

NOTES TO THE ACCOUNTS
Year ended 30 June 2000

9. CALLED UP SHARE CAPITAL

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

10. REVALUATION RESERVE

	£
At 1 July 1999	420,700
Surplus on valuation during the year	147,064
Realised and transferred to profit and loss account	(28,898)
Increase in deferred taxation arising on revaluation	(44,119)
At 30 June 2000	494,747

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	961,328	669,193
Surplus on valuation during the year net of increase in deferred tax provision	102,945	139,550
Net addition to shareholders' funds	1,064,273	808,743
Opening shareholders' funds	1,971,062	1,162,319
Closing shareholders' funds	3,035,335	1,971,062

12. ULTIMATE PARENT COMPANY

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.

13. RELATED PARTY TRANSACTIONS

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

NOTES TO THE ACCOUNTS
Year ended 30 June 2000

14. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts of deferred taxation provided and unprovided in the accounts are as follows:

	Provided 2000 £	Provided 1999 £	Unprovided 2000 £	Unprovided 1999 £
Taxation on valuation surplus	<u>212,035</u>	<u>180,300</u>	<u>-</u>	<u>-</u>

The movement in the year arises as a result of:

	£
At 1 July 1999	180,300
Deferred tax on revaluation surplus in year	44,119
Revalued property sold in year	<u>(12,384)</u>
At 30 June 2000	<u>212,035</u>