

AMSPROP INVESTMENTS LIMITED

Report and Financial Statements

30 June 2002



**Deloitte & Touche
London**

REPORT AND FINANCIAL STATEMENTS 2002

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REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir Alan Sugar
Lady Sugar
C T Sandy
L J Baron (née Sugar)
A N Cohen
D P Sugar

SECRETARY

C T Sandy

REGISTERED OFFICE

Brentwood House
169 Kings Road
Brentwood
Essex
CM14 4EF

BANKERS

Lloyds TSB Bank Plc
City Branch
11-15 Monument Street
London
EC3V 9JA

SOLICITORS

H Montlake & Co.
197 High Road
Ilford
Essex
IG1 1LX

Kingsley Napley
Knights Quarter
14 St Johns Lane
London EC1M 4AJ

AUDITORS

Deloitte & Touche
Chartered Accountants
London

DIRECTORS' REPORT

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

ACTIVITIES AND 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 investment properties.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (2001 – £nil). The profit on ordinary activities after taxation for the year was £54,392 (2001 – £48,880).

DIRECTORS

The directors who held office throughout the year are listed below:

Sir Alan Sugar
Lady Ann Sugar
C T Sandy
L J Baron (née Sugar)
A N Cohen
D P Sugar

DIRECTORS' INTERESTS

The beneficial interests of the directors who held office at 30 June 2002 in the share capital of the company were:

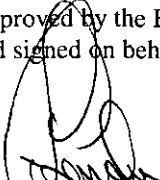
	Ordinary shares of £1 each	
	30 June 2002	30 June 2001
Sir Alan Sugar	1	1

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

AUDITORS

An elective resolution has been passed, in accordance with S386 of the Companies Act 1985, dispensing with the obligation to appoint auditors annually. Accordingly Deloitte & Touche will remain in office until such time as the elective resolution is revoked.

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


C T SANDY
Secretary

10 December 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

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

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

We have audited the financial statements of Amsprop Investments Limited for the year ended 30 June 2002 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 13. 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 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 the company's affairs as at 30 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Deloitte & Touche

Chartered Accountants and
Registered Auditors
London

10 December 2002

PROFIT AND LOSS ACCOUNT
Year ended 30 June 2002

	Note	2002 £	2001 restated* £
TURNOVER	2	71,991	72,395
Gross profit		71,991	72,395
Administrative expenses		(14,464)	(4,158)
OPERATING PROFIT	4	57,527	68,237
Interest payable and similar charges		(1,790)	(1,381)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		55,737	66,856
Tax charge on profit on ordinary activities	5	(1,345)	(17,976)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		54,392	48,880
Profit and loss account brought forward		2,589,368	2,540,488
Profit and loss account carried forward		2,643,760	2,589,368

All amounts derive from continuing operations. There is no difference in the reported results under the historic cost convention.

*The profit and loss account as of 30 June 2001 has been restated for the adoption of FRS 19 (see note 8).

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 June 2002

	2002	2001
	£	restated* £
Profit for the financial year	54,392	48,880
Unrealised surplus on revaluation of property	164,600	37,000
Reversal of revaluation surplus on land transferred from investment properties to assets in the course of construction	-	(136,782)
Prior period adjustment	182,100	-
Total recognised gains and losses relating to the year	<u>401,092</u>	<u>(50,902)</u>

*The statement of total recognised gains and losses for the year ended 30 June 2002 has been restated for the adoption of FRS 19 (see note 8)

BALANCE SHEET
30 June 2002

	Note	2002 £	2001 restated* £
FIXED ASSETS			
Investment properties	6	4,136,600	972,000
Assets in the course of construction	7	305,615	160,684
		<u>4,442,215</u>	<u>1,132,684</u>
CURRENT ASSETS			
Trade debtor		5,219	-
Amounts owed by group undertakings		-	2,116,908
Other debtors		565,362	-
Cash at bank and in hand		150	18,409
		<u>570,731</u>	<u>2,135,317</u>
CREDITORS: amounts falling due within one year			
Trade creditors		39,432	30,667
Amounts owed to group undertakings		1,525,142	-
Other creditors including taxation and social security		4,911	17,976
Accruals and deferred income		28,001	22,890
		<u>1,597,486</u>	<u>71,533</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,026,755)</u>	<u>2,063,784</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,415,460</u>	<u>3,196,468</u>
PROVISIONS FOR LIABILITIES AND CHARGES	8	-	-
NET ASSETS		<u>3,415,460</u>	<u>3,196,468</u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Revaluation reserve	10	771,600	607,000
Profit and loss account		2,643,760	2,589,368
EQUITY SHAREHOLDERS' FUNDS	11	<u>3,415,460</u>	<u>3,196,468</u>

*The balance sheet as of 30 June 2002 has been restated for the adoption of FRS 19 (see note 8).

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

Signed on behalf of the Board of Directors

C T SANDY
Director

10 December 2002.

NOTES TO THE ACCOUNTS**Year ended 30 June 2002****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. Compliance with Statement of Standard Accounting Practice 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 by the directors are described below.

Going concern

The accounts have been prepared on a going concern basis, as a result of the confirmation of continuing financial support from the parent company.

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 impairment 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.

Assets in the Course of Construction

Assets in the course of construction are stated at cost less provision for impairment. It is assumed that projects in early planning stages will receive the consents necessary to achieve a successful outcome.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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 (2001 – none). The directors received no emoluments during the year (2001 – £nil).

NOTES TO THE ACCOUNTS
Year ended 30 June 2002

4. OPERATING PROFIT

Operating profit is stated after charging:

	2002 £	2001 £
Auditors' remuneration - audit services	3,000	2,050
- non audit services	3,463	2,193
	<u> </u>	<u> </u>

5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

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

	2002 £	2001 £
United Kingdom corporation tax at 30% (2001 – 30%)	(3,119)	(17,976)
Adjustment in respect of prior years	1,774	-
	<u> </u>	<u> </u>
	<u>(1,345)</u>	<u>(17,976)</u>

(ii) Factors affecting tax charge for the current year

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

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	55,737	66,856
Tax at 30% thereon:	(10,590)	(20,056)
Effects of:		
Marginal relief	(119)	2,080
Group relief not paid for	7,590	-
Prior period adjustments	1,774	-
	<u> </u>	<u> </u>
Current tax charge for year	<u>(1,345)</u>	<u>(17,976)</u>

NOTES TO THE ACCOUNTS
Year ended 30 June 2002

6. INVESTMENT PROPERTIES

	Freehold £
At 1 July 2001	972,000
Additions	3,000,000
Net surplus on valuation during the year	164,600
At 30 June 2002	4,136,600
Representing	
Properties valued	
Cost	3,365,000
Net surplus	771,600
	4,136,600

The investment properties were valued by the directors at 30 June 2002 on an open market basis.

7. ASSETS IN THE COURSE OF CONSTRUCTION

	£
At 1 July 2001	160,684
Additions	144,931
At 30 June 2002	305,615

8. PROVISIONS FOR LIABILITIES AND CHARGES

The adoption of FRS 19 'Deferred Taxation' has required changes in the method of accounting for deferred tax assets and liabilities. As a result of these changes in accounting policy the comparatives have been restated as follows:

	Provisions for Liabilities and charges £	Revaluation reserve £	Shareholders' funds £
2001 as previously reported	182,100	424,900	3,014,368
Adoption of FRS 19 at 1 July 2001	(182,100)	182,100	182,100
2001 restated	-	607,000	3,196,468

NOTES TO THE ACCOUNTS
Year ended 30 June 2002

9. CALLED UP SHARE CAPITAL

	2002 £	2001 £
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 2001 (as restated)	607,000
Surplus on valuation during the year	164,600
At 30 June 2002	771,600

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2002 £	2001 £
Profit for the financial year	54,392	48,880
Surplus on valuation during the year	164,600	37,000
Reversal of revaluation surplus on land transferred to assets in the course of construction	-	(136,782)
Net addition to/(reduction from) shareholders' funds	218,992	(50,902)
Opening shareholders' funds (as previously stated)	3,196,468	3,035,335
Prior year adjustment (see note 8)	-	212,035
Opening shareholders' funds (as restated)	3,196,468	3,247,370
Closing shareholders' funds	3,415,460	3,196,468

12. ULTIMATE PARENT COMPANY

At 30 June 2002 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 by Sir Alan 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.