

**Company Registration No. 2344929**

**Amsprop London Limited**

**Report and Financial Statements**

**30 September 2007**

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# **Amsprop London Limited**

## **Report and financial statements 2007**

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# **Amsprop London Limited**

## **Report and financial statements 2007**

### **Officers and professional advisers**

#### **Directors**

Sir Alan Sugar  
Lady Ann Sugar  
Colin T Sandy  
Louise J Baron  
Andrew N Cohen  
Daniel Sugar  
Simon Sugar

#### **Secretary**

Colin T Sandy

#### **Registered Office**

Brentwood House  
169 Kings Road  
Brentwood  
Essex CM14 4EF

#### **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

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2007

### 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 one associated company Pedegog Limited (trading as AtSchool). Pedegog Limited has not been equity accounted on the grounds of materiality.

The key performance indicators used by management in assessing the success of the company are net income from properties and capital growth of property income fell from £421,183 in 2006 to £389,404 in 2007 due to voids. Capital growth of properties, which excluding sales had a surplus of £20,500 in the year (2006 £2,103,280). The company's investment in the Viglen Technology Limited group of companies is measured by the total return after taxation, this fell to £197,114 in 2007 (2006 £2,859,161).

### Principal risks and uncertainties

Risk is present in all businesses and the Board regularly reviews the risks faced by the company. The directors consider that the major risks and uncertainties to the company at this point in time are:

#### Financial Risks

- **Exchange rate risk** The company principally sells in sterling and buys in dollars. Therefore, there is a risk in terms of adverse exchange rate movements. The company mitigates this risk by hedging its exposure through the forward purchase of dollars. Additionally the company produces a new price list monthly. The forward exchange rate exposure, unhedged, is therefore limited to one month's sales. The company does not use foreign company derivative instruments.
- **Interest rate risk** The company has an external bank loan. Therefore, there is a risk in terms of adverse interest rate movements. The directors are satisfied that the risk is not significant to the company and therefore no mitigating procedures are necessary.
- **Price risk** The company is exposed to commodity price risk. The company considers that volatility in certain component prices is a regular part of its business environment. The company accepts this price risk and does not use commodity price risk management instruments.
- **Liquidity risk** The company regularly reviews its liquidity to ensure that sufficient funds are available for ongoing operation and future developments. The company currently has unused overdraft facilities.

# Amsprop London Limited

## Directors' report (Continued)

### Uncertainties

- **Warranty** The company sells the majority of its products with between one and three years warranty support. A warranty provision is made on every product sold to cover the basic forecast of repairing the product. The amount that is provided is an estimate based on past experience, but by its nature does involve interest risk and uncertainty. In addition, sales of enhanced warranty products also carry an inherent risk. Income on these sales is deferred over the period of cover with the costs of providing the service being taken as and when the cost is incurred.
- **Market uncertainties** The IT industry continues to go through rapid changes. This in itself presents opportunities and uncertainties. The margins on hardware continue to be under pressure with the future being focused on high margin solutions and value added services.
- **Supply of components** There are times where components are in short supply with long lead-times. Viglen's offering to its customers is to supply tailor-made solutions with short lead-times. This can cause problems during industry shortages. The company reduce this risk by, where possible
  - Multi-sourcing components,
  - strong, long-term supplier relationships, and
  - planning and forecasting component requirements
- **Property prices** are at an all time high which could result in the company acquiring overpriced properties which could subsequently result in little or no growth. The estates team are fully aware of this and consequently will remain diligent in seeking acquisitions that can provide future growth from active management.

The company regularly reviews the situation and adjusts its plan accordingly

### Results

The results for the year are set out on page 9. The profit after taxation amounted to £2,613,512 (2006 £3,336,961)

### 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 2007.

### 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

During the year the group disposed of its investment in IntY Limited.

### 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, this investment was sold on 24 May 2007.

# Amsprop London Limited

## Directors' report (Continued)

### Dividends

The directors do not propose payment of a dividend (2006 £nil)

### Future prospects

There are no planned changes to the company's activities

### Employees

Detail of the number of employees and related costs can be found in note 5 to the financial statements

It is the group's policy to promote equal opportunities in employment for both existing employees and applicants for employment. Every effort is made to ensure that applications for employment from disabled persons are fully and fairly considered having regard to their particular aptitudes and abilities and that disabled employees have equal opportunities in career development. In the event of an existing employee becoming disabled, every effort is made to ensure that their employment by the group continues and that appropriate adjustments are made to their work environment.

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group. This is achieved through regular announcements via the notice boards of the group's performance.

### Environment

The group seeks to minimise the environmental impact of its business and to operate in accordance with the standards required by law and codes of best practice. The Restriction of Hazardous Substances in Electrical and Electronic Equipment ("RoHS") Directive came into effect on 1 July 2006 and prohibits the use of lead solder and certain other restricted substances. The company's products imported after this date comply with the RoHS Directive.

The Waste Electrical and Electronic Equipment ("WEEE") Directive was adopted in the UK on 1 July 2007. This directive sets goals for the recycling of electrical goods. The group currently has the ability to offer all the services required under this directive, and does provide these services to some of its customers.

The group continues to review its processes and their environmental impact. These include the launching of the Enviro Quiet range of products which have reduced energy requirement and lower noise emissions. The use of re-usable heavy duty boxes in delivery of our products saves raw materials in packaging recycling the boxes.

The group maintains an environmental web-site to share information with customers, partners and suppliers. This can be found at [www.enviroquiet.co.uk](http://www.enviroquiet.co.uk)

### Directors

The directors who are listed on page 1 held office throughout the year.

### Supplier payment policy

It is the company's normal practice to pay its suppliers within the agreed payment terms provided that the suppliers meet their obligations. Trade creditors at the year end amounted to 60 days (2006 70 days).

## Amsprop London Limited

### Directors' report (Continued)

#### Political and charitable donations

The group made charitable donations of £nil (2006 £nil) during the year. No political donations were made (2006 £nil).

#### Auditors

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP 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



Colin T. Sandy  
Secretary  
20 December 2007

# **Amsprop London Limited**

## **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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 UK 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 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 London Limited**

We have audited the group and parent company financial statements (the "financial statements") of Amsprop London Limited for the year ended 30 September 2007 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and group balance sheets, the consolidated cash flow statement and the related notes 1 to 33. 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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 group and company's circumstances, consistently applied and adequately disclosed.

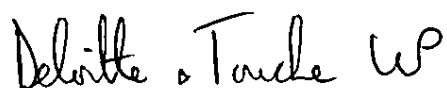
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Independent auditors' report to the members of Amsprop London Limited (continued)**

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 September 2007 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

A handwritten signature in black ink that reads "Deloitte & Touche WP". The signature is written in a cursive, flowing style.

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London  
United Kingdom  
20 December 2007

## Amsprop London Limited

### Consolidated profit and loss account Year ended 30 September 2007

	Note	2007 £	2006 £
Turnover	2	46,334,654	52,001,086
Operating costs (net)	3	(45,783,338)	(47,339,250)
<b>Operating profit</b>		<u>553,316</u>	<u>4,661,836</u>
Profit on the sale of investment property	4	1,365,228	-
Share of profit in associated undertakings	12	-	(8,908)
<b>Profit on ordinary activities before interest</b>		<u>1,916,544</u>	<u>4,652,928</u>
Interest receivable and similar income	6	1,026,315	771,066
Interest payable and similar charges	7	(161,639)	(111,484)
<b>Profit on ordinary activities before taxation</b>	8	<u>2,781,220</u>	<u>5,312,510</u>
Tax on profit on ordinary activities	9	(155,107)	(1,510,301)
<b>Profit on ordinary activities after taxation</b>		<u>2,626,113</u>	<u>3,802,209</u>
Minority interest	27	(12,601)	(465,248)
<b>Profit for the financial year</b>	23	<u><u>2,613,512</u></u>	<u><u>3,336,961</u></u>

All results are derived from continuing operations

### Consolidated statement of total recognised gains and losses Year ended 30 September 2007

	2007 £	2006 £
Profit for the financial year	2,613,512	3,336,961
Unrealised surplus on revaluation of property	20,500	2,103,280
<b>Total recognised gains and losses relating to the year</b>	<u><u>2,634,012</u></u>	<u><u>5,440,241</u></u>

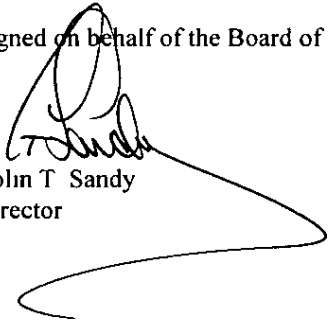
# Amsprop London Limited

## Consolidated balance sheet 30 September 2007

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Investment property	10	9,843,000	12,572,500
Tangible fixed assets	11	695,219	737,905
Investments	13	-	130,347
Goodwill	14	2,827,932	3,662,602
		<u>13,366,151</u>	<u>17,103,354</u>
<b>Current assets</b>			
Stocks	15	4,049,688	4,702,097
Debtors amounts falling due within one year	16	10,916,906	10,006,308
Debtors amounts falling due after more than one year	16	876,607	1,022,372
Investments	17	421,022	372,158
Cash at bank and in hand		19,123,076	15,710,834
		<u>35,387,299</u>	<u>31,813,769</u>
<b>Creditors. amounts falling due within one year</b>	18	<u>(11,530,770)</u>	<u>(12,574,510)</u>
<b>Net current assets</b>		<u>23,856,529</u>	<u>19,239,259</u>
<b>Total assets less current liabilities</b>		<u>37,222,680</u>	<u>36,342,613</u>
<b>Creditors. amounts falling due after more than one year</b>	19	(8,132,492)	(8,409,715)
<b>Provisions for liabilities</b>	21	(490,154)	(1,529,477)
<b>Net assets</b>		<u>28,600,034</u>	<u>26,403,421</u>
<b>Capital and reserves</b>			
Called up share capital	22	41,490,000	41,490,000
Profit and loss account	23	(16,739,768)	(19,453,060)
Revaluation reserve	25	3,319,618	3,398,898
<b>Shareholders' funds</b>	26	<u>28,069,850</u>	<u>25,435,838</u>
<b>Minority interest</b>	27	<u>530,184</u>	<u>967,583</u>
<b>Total capital employed</b>		<u>28,600,034</u>	<u>26,403,421</u>

These financial statements were approved by the Board of Directors on 20 December 2007

Signed on behalf of the Board of Directors

  
Colin T Sandy  
Director

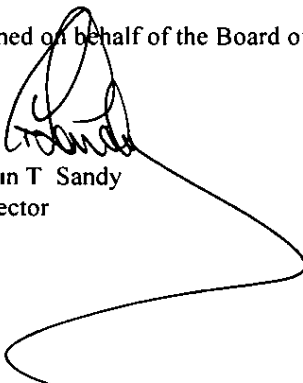
# Amsprop London Limited

## Company balance sheet 30 September 2007

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Investment property	10	9,843,000	12,572,500
Investments	12	7,000	7,000
		<u>9,850,000</u>	<u>12,579,500</u>
<b>Current assets</b>			
Debtors	16	58,879	494,731
Investments	17	421,022	372,158
Cash at bank and in hand		16,732,769	9,869,777
		<u>17,212,670</u>	<u>10,736,666</u>
<b>Creditors: amounts falling due within one year</b>	18	(222,915)	(131,018)
		<u>16,989,755</u>	<u>10,605,648</u>
<b>Net current assets</b>			
		<u>26,839,755</u>	<u>23,185,148</u>
<b>Total assets less current liabilities</b>			
		<u>26,839,755</u>	<u>23,185,148</u>
<b>Capital and reserves</b>			
Called up share capital	22	41,490,000	41,490,000
Profit and loss account	23	(17,969,863)	(21,703,750)
Revaluation reserve	25	3,319,618	3,398,898
		<u>26,839,755</u>	<u>23,185,148</u>
<b>Shareholders' funds</b>	26		
		<u>26,839,755</u>	<u>23,185,148</u>

These financial statements were approved by the Board of Directors on 20 December 2007

Signed on behalf of the Board of Directors

  
Colin T Sandy  
Director

# Amsprop London Limited

## Consolidated cash flow statement Year ended 30 September 2007

	Note	2007 £	2006 £
<b>Net cash (outflow)/inflow from operating activities</b>	28	<u>(1,452,602)</u>	<u>3,734,946</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		1,026,315	771,066
Interest paid		(105,729)	(55,574)
Dividends paid on preference shares		(55,910)	(55,910)
Dividends paid to minority interests	27	<u>(450,000)</u>	<u>(681,000)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		414,676	(21,418)
<b>Taxation</b>			
Corporation tax received/(paid)		97,771	(1,059,325)
<b>Capital expenditure and financial investments</b>			
Additions to investment properties		(80)	(2,650,220)
Purchase of tangible fixed assets		(182,335)	(494,171)
Sale of tangible fixed assets		5,700	1,950,211
Sale of investment properties		4,115,308	-
Sale of investments in associates		<u>739,947</u>	<u>-</u>
<b>Net cash inflow/(outflow) from capital expenditure and financial investments</b>		4,678,540	(1,194,180)
<b>Financing</b>			
Repayment of debt		(300,000)	-
Drawdown on loans due within one year		-	300,000
Drawdown on loans due after one year		-	1,050,000
Capital element of finance lease rental payment		<u>(26,143)</u>	<u>(24,510)</u>
<b>Net cash (outflow)/inflow from financing</b>		<u>(326,143)</u>	<u>1,325,490</u>
<b>Increase in cash in year</b>	30	<u><u>3,412,242</u></u>	<u><u>1,001,270</u></u>

# Amsprop London Limited

## Notes to the accounts Year ended 30 September 2007

### 1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and 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 year.

#### Accounting convention

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

#### Turnover

Turnover comprises the invoiced value of goods sold and services supplied by the group, excluding value added tax and trade discounts. Included within turnover is £nil (2006 £1,945,461) in respect of the sale of fixed assets from managed services. Revenue is recognised on the sale of physical product when the goods are despatched, revenue is recognised on a service contract over the life of the service.

#### 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 installments over their expected useful lives. The rates generally applicable are:

Leasehold improvements	- over the shorter of the life of the lease and the useful life
Motor vehicles	- 25% on cost
Fixtures and fittings	- 10% - 33% on cost

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

#### 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 economic life, which is 10 years. Provision is made for any impairment.

# Amsprop London Limited

## Notes to the accounts Year ended 30 September 2007

### 1 Accounting policies (continued)

#### 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 a 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.

#### 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 is recognised over the life of the contract in line with the services provided.

#### 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 economic life, which is 10 years.

#### Fixed asset investments

Fixed asset investments are shown at cost less provision for any impairment.

#### Current asset investments

Current asset investments are held at market value.

#### 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.

#### Research and development

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

#### 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.



# Amsprop London Limited

## Notes to the accounts Year ended 30 September 2007

### 1. Accounting policies (continued)

#### 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

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

#### 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

#### 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

#### Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used

#### Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities

# Amsprop London Limited

## Notes to the accounts

### Year ended 30 September 2007

#### 1. Accounting policies (continued)

##### Borrowings

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

##### Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to foreign exchange risk. The group does not hold or issue derivative financial instruments for speculative purposes. Gains and losses on contracts hedging forecast transactional cash flows of foreign currency denominated costs are recognised in the hedged periods. There are no open forward contracts at the balance sheet date.

#### 2. Turnover and segmental results

Turnover, net assets and operating profit on ordinary activities before taxation are attributable to the manufacture and marketing of computer 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. Included within turnover is £nil (2006 £1,945,461) in respect of sales of fixed assets from managed services. Turnover, operating profit and net assets are analysed as follows:

	2007	2006
	£	£
<b>Turnover</b>		
IT market	45,633,091	51,235,767
Property and shares	701,563	765,319
	<u>46,334,654</u>	<u>52,001,086</u>
<b>Operating profit</b>		
IT market	117,276	4,240,653
Property and shares	1,799,268	421,183
	<u>1,916,544</u>	<u>4,661,836</u>
<b>Net assets</b>		
IT market	1,767,279	3,218,273
Property and shares	26,832,755	23,185,148
	<u>28,600,034</u>	<u>26,403,421</u>

# Amsprop London Limited

## Notes to the accounts Year ended 30 September 2007

### 3. Operating costs (net)

	2007 £	2006 £
Other operating income	(18,983)	(27,325)
Exceptional income	(319,050)	
Changes in work in progress and finished goods	504,907	362,529
Raw materials and consumables	32,245,719	30,913,505
Other external charges	4,023,982	5,064,626
Staff costs	8,506,829	9,842,891
Depreciation	223,569	463,259
Profit on sale of fixed assets	(4,248)	31,539
Amortisation of goodwill	544,120	591,004
Other operating charges	76,493	97,222
	<u>45,783,338</u>	<u>(47,339,250)</u>

### 4 Profit on the sale of investment properties

	2007 £	2006 £
Profit on sale of investment property	(765,228)	-
Surrender right to buy	(600,000)	-
	<u>(1,365,228)</u>	<u>-</u>

### 5 Staff costs

Staff costs for the group, including directors, during the year were as follows

	2007 £	2006 £
Wages and salaries	7,637,337	8,846,258
Social security costs	831,293	957,510
Pension costs	38,199	39,123
	<u>8,506,829</u>	<u>9,842,891</u>

The average number of employees of the group during the year, including directors, was 246 (2006 285)

The company had no employees during the year (2006 nil)

Remuneration in respect of directors was as follows

	2007 £	2006 £
Directors' emoluments	<u>106,090</u>	<u>106,090</u>

# Amsprop London Limited

## Notes to the accounts Year ended 30 September 2007

### 6 Interest receivable and similar income

	2007	2006
	£	£
Interest receivable - bank interest	1,026,315	771,066

### 7 Interest payable and similar changes

	2007	2006
	£	£
Interest payable – bank interest	(81,810)	(47,063)
Interest payable on finance leases	(7,120)	(8,511)
Interest payable – other	(16,799)	-
Preference dividend	(55,910)	(55,910)
	<u>(161,639)</u>	<u>(111,484)</u>

### 8 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2007	2006
	£	£
<b>Auditors' remuneration</b>		
Fees payable to the company's auditor for the audit of the company's annual accounts	5,000	5,000
Fees payable to the company's auditor and its associates for other services	42,000	46,000
Tax services	10,800	13,900
	<u>57,800</u>	<u>64,900</u>

	2007	2006
	£	£
Operating lease payment		
Plant and machinery	76,076	70,912
Land and buildings	922,055	1,027,849
Profit on sale of fixed assets	(4,248)	(1,913,921)
Profit on sale of investment properties	1,365,228	-
Profit on sale of investments	319,050	-
Depreciation of fixed assets	223,569	462,257
Amortisation of goodwill	544,120	591,004
Relocation costs	-	625,000
	<u>-</u>	<u>625,000</u>

# Amsprop London Limited

## Notes to the accounts Year ended 30 September 2007

### 9. Tax on profit on ordinary activities

	2007 £	2006 £
<b>Group</b>		
<b>Current taxation</b>		
United Kingdom Corporation tax		
Current tax on income for the year at 30% (2006 30%)	(107,643)	(518,821)
Adjustment in respect of prior years' tax provisions	(1,700)	359
Total current taxation	<u>(109,343)</u>	<u>(518,462)</u>
<b>Deferred taxation</b>		
Movement in short term timing differences	(45,764)	(993,001)
Prior year adjustment	-	1,162
Tax on profit on ordinary activities	<u>(155,107)</u>	<u>(1,510,301)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2006 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

	2007 £	2006 £
<b>Group</b>		
Profit on ordinary activities before tax	<u>2,781,220</u>	<u>5,312,510</u>
Tax on profit on ordinary activities before tax at standard rate	(834,366)	(1,593,753)
<b>Factors affecting charge for the year:</b>		
Permanent differences	-	(4,266)
Capital allowances in excess of depreciation	45,764	971,221
Utilisation of brought forward losses	775,232	282,913
Other timing differences	-	21,810
Capital losses for year	(94,273)	(196,746)
Prior year adjustments	(1,700)	359
Current tax charge for the year	<u>(109,343)</u>	<u>(518,462)</u>

Deferred tax on the revaluation of fixed assets estimated to be £929,493 (2006 £1,019,669) has not been provided This is due to capital losses carried forward of £20,453,908 A deferred tax asset has not been recognised on excess management expenses of £6,394,348 nor Schedule D Case VI losses of £169,334 as they are unlikely to be utilised in the foreseeable future

# Amsprop London Limited

## Notes to the accounts Year ended 30 September 2007

### 10. Investment property

	<b>Freehold £</b>
<b>Group and company</b>	
Valuation and net book value	
At 1 October 2006	12,572,500
Addition	80
Disposal	(2,750,080)
Net surplus on revaluation during the year	20,500
	<hr/>
At 30 September 2007	9,843,000
	<hr/>
Representing	
Properties valued	
Cost	6,523,382
Net surplus	3,319,618
	<hr/>
	<u>9,843,000</u>

The investment properties were valued by the directors at 30 September 2007 on an open market basis

### 11 Tangible fixed assets

	<b>Leasehold improvement £</b>	<b>Fixtures, fittings, tools and equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Group</b>				
At 1 October 2006	289,578	2,831,031	363,170	3,483,779
Additions	64,232	71,012	47,091	182,335
Disposals	-	(89,557)	(34,571)	(124,128)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2007	353,810	2,812,486	375,690	3,541,986
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 October 2006	36,738	2,401,459	307,677	2,745,874
Charged in the year	40,347	150,300	32,922	223,569
Disposals	-	(88,105)	(34,571)	(122,676)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2007	77,085	2,463,654	306,028	2,846,767
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 30 September 2007	276,725	348,832	69,662	695,219
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2006	252,840	429,572	55,493	737,905
	<hr/>	<hr/>	<hr/>	<hr/>

During the year £nil (2006 £7,994,753) of revenue was recognised in respect of Managed Services Included within net book value of £695,219 is £100,333 relating to assets held on finance leases (2006 £128,333) The depreciation charged in the year on these assets was £28,000 (2006 £11,667)

# Amsprop London Limited

## Notes to the accounts Year ended 30 September 2007

### 12. Fixed asset investments

#### Group

The group's associated undertaking at 30 September 2007 was a 49% shareholding in Pedegog Limited (trading as AtSchool) incorporated in Great Britain. The Directors believe that Pedegog Limited is immaterial to the group accounts, and it has not been equity accounted for on the grounds of materiality.

Company	£
Investment in subsidiary	
Cost and net book value	
At 1 October 2006 and 30 September 2007	<u>7,000</u>

The subsidiary investment at 30 September 2007 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.

### 13. Investments

	Share of net assets of associates £
At 1 October 2006	130,347
Disposal	(130,347)
At 30 September 2007	<u>-</u>
On 24 May 2007 the company disposed of its investment in IntY Limited for an initial consideration of £750,000 with a further deferred consideration of £375,000 payable 31 January 2008 and £375,000 payable 31 July 2008.	
Total proceeds from sale of investment	1,500,000
Less Provisions for deferred consideration	(750,000)
	<u>750,000</u>
Less Disposal costs	(10,053)
Less Carrying value of investment	(130,347)
Less Goodwill arising on acquisition	(468,837)
Add Goodwill amortised	178,287
	<u>319,050</u>

The profit on the sale of IntY Limited is disclosed within other operating income.

### 14. 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.

# Amsprop London Limited

## Notes to the accounts

Year ended 30 September 2007

Group	Cost £	Amortisation £	Net book value £
At 1 October 2006	5,910,036	(2,247,434)	3,662,602
Amortisation during year	-	(544,120)	(544,120)
Disposals (note 12)	(468,837)	178,287	(290,550)
At 30 September 2007	<u>5,441,199</u>	<u>(2,613,267)</u>	<u>2,827,932</u>

### 15. Stocks

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Raw materials and consumables	3,160,954	3,680,808	-	-
Work in progress and finished goods	888,734	1,021,289	-	-
	<u>4,049,688</u>	<u>4,702,097</u>	<u>-</u>	<u>-</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

### 16. Debtors

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Trade debtors	10,345,822	8,693,911	18,540	22,796
Other debtors	118,187	559,571	-	442,250
Corporation tax	276,615	472,582	-	-
Prepayments and accrued income	176,282	280,244	40,339	29,685
Amounts falling due within one year	<u>10,916,906</u>	<u>10,006,308</u>	<u>58,879</u>	<u>494,731</u>



# Amsprop London Limited

## Notes to the accounts

Year ended 30 September 2007

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Other debtors	700,000	800,000	-	-
Deferred tax (see note 20)	176,607	222,372	-	-
Amounts falling due after more than one year	<u>876,607</u>	<u>1,022,372</u>	<u>-</u>	<u>-</u>

### 17 Current asset investments

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Shares at market value	<u>421,022</u>	<u>372,158</u>	<u>421,022</u>	<u>372,158</u>

The investments are all shares traded on a recognised stock exchange and are valued at cost on 30 September 2007

### 18. Creditors, amounts falling due within one year

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Bank loans and overdrafts	300,000	300,000	-	-
Obligations under finance lease	33,021	33,021	-	-
Trade creditors	5,294,011	6,938,491	34	1,243
Corporation tax	67,430	56,284	-	-
Other taxes and social security costs	1,803,436	1,012,071	105,000	-
Accruals	1,188,397	1,473,132	117,881	129,775
Deferred income	2,844,475	2,761,511	-	-
	<u>11,530,770</u>	<u>12,574,510</u>	<u>222,915</u>	<u>131,018</u>

# Amsprop London Limited

## Notes to the accounts

### Year ended 30 September 2007

#### 19. Creditors: amounts falling due after more than one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
<b>Falling due between one and two years</b>				
Bank loan	300,000	300,000	-	-
Deferred income	1,101,180	1,127,601	-	-
Obligation under finance lease	33,021	33,021	-	-
<b>Falling due between two and five years</b>				
Bank loan	450,000	750,000	-	-
Deferred income	633,986	558,645	-	-
Obligation under finance lease	23,305	49,448	-	-
<b>Falling due after five years</b>				
1% fixed coupon cumulative redeemable preference shares of £1 each	5,591,000	5,591,000	-	-
	<u>8,132,492</u>	<u>8,409,715</u>	<u>-</u>	<u>-</u>

The bank loan is repayable over five years from the date of issue. Interest of 1.15% above the Base Rate is charged on the unpaid balance. The loan is secured by a guarantee from the company's ultimate controlling party.

Cumulative redeemable preference shares carry an entitlement to dividend at the rate 1% per annum, payable on 1 October every year and may be redeemed at £1 per share at any time at the option of the company. In the event of the issue of a Controlling Interest Notice the company must redeem all the preference shares then in issue. Holders of the redeemable preference shares have the right on a winding-up to receive in priority to any other classes of shares, the sum of £1 per share together with any arrears of dividend. Preference shares have no voting rights attached to them. There is no premium payable on redemption.

# Amsprop London Limited

## Notes to the accounts Year ended 30 September 2007

### 20. Deferred tax asset

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Movement on deferred taxation				
At 1 October 2006	(222,372)	(1,214,210)	-	-
Debit to profit and loss account	45,765	991,838	-	-
At 30 September 2007	<u>(176,607)</u>	<u>(222,372)</u>	<u>-</u>	<u>-</u>

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Capital allowances in excess of depreciation	(176,607)	(222,372)	-	-
Deferred tax asset	<u>(176,607)</u>	<u>(222,372)</u>	<u>-</u>	<u>-</u>

### 21 Provisions for liabilities

	Warranty	Other	Total
	£	£	£
At 1 October 2006	536,417	993,060	1,529,477
Utilised during the year	(468,867)	(993,060)	(1,461,927)
Provided during the year	422,604	-	422,604
At 30 September 2007	<u>490,154</u>	<u>-</u>	<u>490,154</u>

The warranty provision relates to the expected future cost of providing warranty support

### 22. Called up share capital

	2007		2006	
	Ordinary shares of £1 each		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>

# Amsprop London Limited

## Notes to the accounts Year ended 30 September 2007

### 23 Profit and loss account

	Group £	Company £
At 1 October 2006	(19,453,060)	(21,703,750)
Retained profit for the financial year	2,613,512	3,733,887
Transfer from revaluation reserve	99,780	-
	<u>(16,739,768)</u>	<u>(17,969,863)</u>
At 30 September 2007	<u>(16,739,768)</u>	<u>(17,969,863)</u>

### 24. 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 £3,634,017 (2006 £2,532,047)

### 25. Revaluation reserve

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
At 1 October 2006	3,398,898	1,295,618	3,398,898	1,295,618
Transfer to profit and loss account	(99,780)	-	(99,780)	-
Surplus on revaluations during the year	20,500	2,103,280	20,500	2,103,280
	<u>3,319,618</u>	<u>3,398,898</u>	<u>3,319,618</u>	<u>3,398,898</u>
At 30 September 2007	<u>3,319,618</u>	<u>3,398,898</u>	<u>3,319,618</u>	<u>3,398,898</u>

### 26. Reconciliation of movements in shareholders' funds

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Opening shareholders' funds	25,435,838	19,995,597	23,185,148	18,549,821
Profit for the financial year	2,613,512	3,336,961	3,634,107	2,532,047
Movement on revaluation reserve during the year	20,500	2,103,280	20,500	2,103,280
	<u>28,069,850</u>	<u>25,435,838</u>	<u>26,839,755</u>	<u>23,185,148</u>
Closing shareholders' funds	<u>28,069,850</u>	<u>25,435,838</u>	<u>26,839,755</u>	<u>23,185,148</u>

# Amsprop London Limited

## Notes to the accounts Year ended 30 September 2007

### 27. Minority interests

	<b>Total £</b>
At 1 October 2006	967,583
Profit attributable to minority interest for the year	12,601
Dividend paid	(450,000)
	<hr/>
At 30 September 2007	530,184
	<hr/> <hr/>

### 28. Net cash inflow from operating activities

	<b>2007 £</b>	<b>2006 £</b>
Operating profit	1,916,544	4,661,836
Amortisation of goodwill	544,120	591,004
Depreciation	223,569	463,257
Profit on sale of fixed assets	(4,248)	(1,913,921)
Profit on sale of investment properties	(765,228)	-
Surrender right to buy	(600,000)	-
Profit on sale of investment	(319,050)	-
Decrease in stocks	652,409	1,551,986
(Increase)/decrease in debtors	(1,006,565)	2,314,543
Decrease in creditors	(1,137,850)	(12,185)
(Increase)/decrease in investments	(48,864)	69,001
Increase/(decrease) in deferred income	131,884	(3,694,431)
Decrease in provisions	(1,039,323)	(296,144)
	<hr/>	<hr/>
	(1,452,602)	3,734,946
	<hr/> <hr/>	<hr/> <hr/>

### 29. Reconciliation of net cash flow to movement in net funds

	<b>2007 £</b>	<b>2006 £</b>
Increase in cash in the year	3,412,242	2,785,513
Cash outflow/(inflow) from change in debt and lease finance	326,143	(1,325,490)
	<hr/>	<hr/>
Change in net funds resulting from cash flows	3,738,385	1,460,023
New finance leases	-	(140,000)
	<hr/>	<hr/>
Change in net funds	3,738,385	1,320,023
	<hr/> <hr/>	<hr/> <hr/>
Opening net funds	14,245,344	12,925,321
Closing net funds	17,983,729	14,245,344
	<hr/> <hr/>	<hr/> <hr/>

# Amsprop London Limited

## Notes to the accounts Year ended 30 September 2007

### 30. Analysis of changes in net funds

	30 September 2006 £	Cash flow £	Non cash movement	30 September 2007 £
Cash at bank and in hand	15,710,834	3,412,242		19,123,076
Debt due within a year	(300,000)	300,000	(300,000)	(300,000)
Debt due after a year	(1,050,000)	-	300,000	(750,000)
New finance leases	(115,490)	26,143		(89,347)
	<u>14,245,344</u>	<u>3,738,385</u>		<u>17,983,729</u>

### 31. Leasing commitments

At 30 September 2007 the group has annual non-cancellable operating lease commitments, which expire

	2007		2006	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	850	22,915	775	2,306
Between one and two years	72,287	-	34,592	-
Between two and five years	-	-	71,694	10,881
Over five years	610,500	-	1,060,500	-
	<u>683,637</u>	<u>22,915</u>	<u>1,167,561</u>	<u>13,187</u>

### 32. Related party transactions

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 and indirect ownership of 100% of the ordinary shares of Amshold Securities Limited and Amsprop 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 £53,031 plus VAT (2006 £12,948 plus VAT) of services to Amstrad plc
- 2 The group previously signed a fifteen year lease for the use of Viglen House. During the year £375,000 (2006 £450,000) was paid in rent to Amsprop Investments Limited. The lease was surrendered during the year.
- 3 During the year Amsprop London Limited was charged £26,250 plus VAT (2006 £25,000 plus VAT) by Amsprop Estates Limited for financial services.
- 4 During the year the group provided £18,770 plus VAT (2006 £5,330 plus VAT) of services to Amsprop Limited. The amount receivable from Amsprop Limited at 30 September was £nil (2006 £2,435).

### 33. Controlling Party

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