

ARUN PROPERTY INVESTMENTS LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2002



Registered number: 3527607

ARUN PROPERTY INVESTMENTS LIMITED
DIRECTORS' REPORT

Directors: P A Rooney
B T Matthews

Secretary: C A Coxon

Registered office: St Leonard's House, North Street, Horsham, West Sussex, RH12 1RJ

Registered number: 3527607

The directors present their report together with the financial statements of the company for the year ended 31 March 2002.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) 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.

Results and dividends

The results for the year are set out on page 5 of the financial statements.

The directors do not recommend the payment of a dividend and the profit for the year will be transferred to reserves.

Principal activity

The principal activity of the company is the letting of properties to group companies.

ARUN PROPERTY INVESTMENTS LIMITED
DIRECTORS' REPORT (continued)

Business review and future developments

During the year the company continued to trade profitably and to expand its letting activities. The directors are confident that the company will continue to contribute to the group's business operations during the coming year.

Directors and their interests

The directors of the company at 31 March 2002 are shown above.

No director at 31 March 2002 had any beneficial interest in the share capital of the company. The directors' interests in the share capital of the holding company are disclosed in that company's financial statements.

Fixed assets

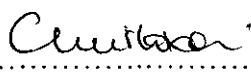
The changes in fixed assets during the year are summarised in note 6 to the financial statements.

In the opinion of the directors, the market value of freehold land and buildings exceeds the carrying value in the financial statements by approximately £250,000.

Auditors

Warrener Stewart, Chartered Accountants, of Harwood House, 43 Harwood Road, London, SW6 4QP will be proposed for re-appointment as auditors of the company at the forthcoming Annual General Meeting.

By Order of the Board

C A Coxon 

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARUN PROPERTY INVESTMENTS LIMITED

We have audited the financial statements of Arun Property Investments Limited for the year ended 31 March 2002 which comprise the profit and loss account, balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 and consider the implications for our report if we become aware of any apparent misstatement within it.

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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
ARUN PROPERTY INVESTMENTS LIMITED (continued)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Warren Stewart
WARRENER STEWART
Chartered Accountants and Registered Auditors

Harwood House
43 Harwood Road
London
SW6 4QP

Date *13th December 2002*

ARUN PROPERTY INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2002

	Notes	£	2001 £
Turnover	2	245,418	192,751
Operating charges	3	24,162	34,019
Operating profit		<u>221,256</u>	<u>158,732</u>
Interest receivable		272	-
Profit on sale of freehold property		9,750	52,000
		<u>231,278</u>	<u>210,732</u>
Interest payable	4	63,817	71,938
Profit on ordinary activities before taxation		<u>167,461</u>	<u>138,794</u>
Tax on profit on ordinary activities	5	-	-
Retained profit on ordinary activities after taxation for the financial year	10	<u>£ 167,461</u>	<u>£ 138,794</u>

The results shown above are derived wholly from continuing operations.

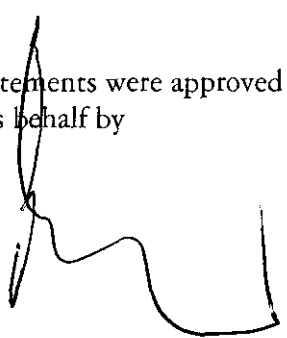
There were no recognised gains or losses other than the profit for the financial year.

The attached notes 1 to 12 form a part of these financial statements.

ARUN PROPERTY INVESTMENTS LIMITED
BALANCE SHEET AS AT 31 MARCH 2002

	Notes	£	£	2001 £
Fixed assets				
Tangible assets	6		2,858,100	2,562,110
Creditors: Amounts falling due within one year	7		1,720,564	1,653,871
Total assets less current liabilities			1,137,536	908,239
Creditors: Amounts falling due after more than one year	8		827,625	765,789
			<u>£ 309,911</u>	<u>£ 142,450</u>
Capital and reserves				
Called up share capital	9		1	1
Profit and loss account	10		309,910	142,449
Equity shareholder's funds	10		<u>£ 309,911</u>	<u>£ 142,450</u>

The financial statements were approved by the Board on *5th December* 2002
and signed on its behalf by


P A Rooney
Director

The attached notes 1 to 12 form a part of these financial statements.

ARUN PROPERTY INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2002

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover comprises rents receivable.

Depreciation

No depreciation charge is made in respect of freehold properties because the estimated residual value of those properties is not materially different from their carrying amount.

The useful economic life of freehold properties is reviewed at the end of each reporting period and revised if expectations are significantly different from previous estimates.

2. TURNOVER

The turnover and profit for the year are attributable to the principal activity of the company and are derived wholly from within the United Kingdom.

		2001
3. OPERATING CHARGES	£	£
Auditors' remuneration	1,000	1,000
Other operating charges	23,162	33,019
	<u>£ 24,162</u>	<u>£ 34,019</u>

4. INTEREST PAYABLE

Interest payable on other loans	<u>£ 63,817</u>	<u>£ 71,938</u>
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The above interest relates to amounts falling due for repayment partly after more than five years.

ARUN PROPERTY INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2002 (continued)

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

No charge to corporation tax arises on the profit for the year due to the availability of group loss relief.

6. TANGIBLE FIXED ASSETS

	Freehold properties £
Cost:	
At 1 April 2001	2,562,110
Additions	671,000
Disposals	(375,010)
At 31 March 2002	£ 2,858,100

7. CREDITORS: Amounts falling due within one year

Other loans (see note 8)	106,804	109,921
Amounts owed to parent undertaking	1,546,358	995,049
Amounts owed to group undertakings	-	493,000
Accruals and deferred income	67,402	55,901
	£ 1,720,564	£ 1,653,871

ARUN PROPERTY INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2002 (continued)

8.	CREDITORS: Amounts falling due after more than one year		2001
		£	£
	Other loans	£ 827,625	£ 765,789
		<u> </u>	<u> </u>

The other loans are secured on the company's freehold properties and are repayable by instalments. The current portion of the loan is £106,804 (2001: £109,921) and is included in creditors falling due within one year. The amount falling due after more than five years is £293,605 (2001: £326,100).

9. **SHARE CAPITAL**

Authorised:		
Ordinary shares of £1 each	£ 1,000	£ 1,000
	<u> </u>	<u> </u>
Allotted, issued and fully paid:		
Ordinary shares of £1 each	£ 1	£ 1
	<u> </u>	<u> </u>

10. **RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS**

	Share capital £	Profit & loss account £	Total £
At 1 April 2001	1	142,449	142,450
Profit for the year	-	167,461	167,461
	<u> </u>	<u> </u>	<u> </u>
As at 31 March 2002	£ 1	£ 309,910	£ 309,911
	<u> </u>	<u> </u>	<u> </u>

11. **FINANCIAL COMMITMENTS**

At 31 March 2002 there were no financial commitments for expenditure on new properties (2001: £195,000).

ARUN PROPERTY INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2002 (continued)

12. ULTIMATE PARENT UNDERTAKING AND CONTROL

The ultimate parent undertaking is Arun Estate Agencies Limited, a company registered in England.

The ultimate controlling party is P A Rooney, who owns 100% of the ordinary share capital in Arun Estate Agencies Limited.