

ARUN PROPERTY INVESTMENTS LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

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 audited financial statements of the company for the year ended 31 March 2003.

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. The directors are confident that the company will continue to contribute to the group's operations during the coming year.

Directors and their interests

The directors of the company at 31 March 2003 are shown above.

No director at 31 March 2003 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.

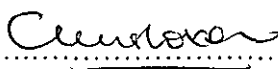
In the opinion of the directors, the market value of freehold land and buildings is not significantly different to its carrying value within the financial statements.

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



20 January 2004

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 2003 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.

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 auditor's 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

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

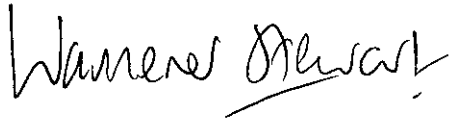
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



WARRENER STEWART
Chartered Accountants and Registered Auditors

Harwood House
43 Harwood Road
London
SW6 4QP

Date 28 January 2004

ARUN PROPERTY INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2003

	Notes	£	2002 £
Turnover	2	250,158	245,418
Operating charges	3	(24,521)	(24,162)
Operating profit		225,637	221,256
Interest receivable		-	272
(Loss)/profit on sale of freehold property		(33,000)	9,750
		192,637	231,278
Interest payable	4	(49,252)	(63,817)
Profit on ordinary activities before taxation		143,385	167,461
Tax on profit on ordinary activities	5	(54,000)	-
Retained profit on ordinary activities after taxation for the financial year	10	£ 89,385	£ 167,461

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 13 form a part of these financial statements.

ARUN PROPERTY INVESTMENTS LIMITED
BALANCE SHEET AS AT 31 MARCH 2003

	Notes	£	£	2002 £
Fixed assets				
Tangible assets	6		2,085,100	2,858,100
Current assets				
Other debtors		7,323		-
Creditors: Amounts falling due within one year	7	(1,360,034)		(1,720,564)
Net current liabilities			(1,352,711)	(1,720,564)
Total assets less current liabilities			732,389	1,137,536
Creditors: Amounts falling due after more than one year	8		(333,093)	(827,625)
			£ 399,296	£ 309,911
Capital and reserves				
Called up share capital	9		1	1
Profit and loss account	10		399,295	309,910
Equity shareholder's funds	10		£ 399,296	£ 309,911

The financial statements were approved by the Board on 20 January 2004 and signed on its behalf by:

P A Rooney
 Director

The attached notes 1 to 13 form a part of these financial statements.

ARUN PROPERTY INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

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, net of value added tax.

Depreciation

No depreciation charge is made in respect of freehold properties because, in the directors' opinion, 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.

Deferred taxation

Deferred taxation is provided using the full provision method following the company's adoption of Financial Reporting Standard 19. Deferred tax is recognised in respect of all timing differences, which have originated but not reversed at the balance sheet date. It is the company's policy not to discount deferred tax to reflect the time value of money.

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.

		2002
3. OPERATING CHARGES	£	£
Auditors' remuneration	1,000	1,000
Other operating charges	23,521	23,162
	£ 24,521	£ 24,162

ARUN PROPERTY INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003 (continued)

		2002
4.	INTEREST PAYABLE	£
	Interest payable on bank loans	£ 49,252
		£ 63,817

The above interest relates to amounts falling due for repayment partly after more than five years.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of tax charge in the year:

UK corporation tax at 30% (2002: 30%)	£ 54,000	£ -
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The company has capital losses of approximately £44,000 available to carry forward against future capital gains subject to agreement by HMIT.

Factors affecting tax charge for year:

The corporation tax assessed for the year is different from the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are explained below:

Profit on ordinary activities before tax	143,385	167,461
Profit on ordinary activities before tax multiplied by the large companies rate of corporation tax in the UK of 30% (2002: 30%)	43,016	50,239
Effects of:		
Expenses not deductible for tax purposes	1,165	-
Capital loss on sale of property carried forward to future accounting periods	9,819	-
Group loss relief	-	(50,239)
Current tax charge for the year	£ 54,000	£ -

ARUN PROPERTY INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003 (continued)

6. TANGIBLE FIXED ASSETS

	Freehold properties £
Cost:	
At 1 April 2002	2,858,100
Disposals	(773,000)
At 31 March 2003	£ 2,085,100

7. CREDITORS: Amounts falling due within one year

	£	2002 £
Bank loans (see note 8)	58,069	106,804
Corporation tax	54,000	-
Amounts owed to parent undertaking	1,199,186	1,546,358
Accruals and deferred income	48,779	67,402
	£ 1,360,034	£ 1,720,564

8. CREDITORS: Amounts falling due after more than one year

Bank loans	£ 333,093	£ 827,625

The bank loans are secured on the company's freehold properties and are analysed by maturity below:

Between one and two years	58,069	106,804
Between two and five years	174,207	320,412
After five years	100,817	400,409
Repayable after more than one year	333,093	827,625
Repayable within one year	58,069	106,804
Total	£ 391,162	£ 934,429

ARUN PROPERTY INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003 (continued)

9. SHARE CAPITAL	£	2002 £
Authorised:		
1,000 ordinary shares of £1 each	£ 1,000	£ 1,000
	<u> </u>	<u> </u>
Allotted, issued and fully paid:		
1 ordinary share 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 2002	1	309,910	309,911
Profit for the year	-	89,385	89,385
	<u> </u>	<u> </u>	<u> </u>
As at 31 March 2003	£ 1	£ 399,295	£ 399,296
	<u> </u>	<u> </u>	<u> </u>

11. FINANCIAL COMMITMENTS

At 31 March 2003 there were no financial commitments for expenditure on new properties (2002: £195,000).

12. RELATED PARTY TRANSACTIONS

Material balances and transactions with related parties arising during the year were as follows:

	£	2002 £
Transactions with related parties		
Properties disposed of to P A Rooney	£ 773,000	£ -
	<u> </u>	<u> </u>

The above properties were sold to P A Rooney at their open market value, as advised to the company by a third party firm of surveyors and valuers.

Nature of relationship and control

P A Rooney is a director of the company and was the controlling shareholder of the group throughout the year.

ARUN PROPERTY INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003 (continued)

13. 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.