

ARUN PROPERTY INVESTMENTS LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

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 2005.

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 2005 are shown above.

No director at 31 March 2005 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

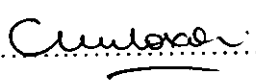
The changes in fixed assets during the year are summarised in note 6 to the financial statements.

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 

12 July 2005

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 2005 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

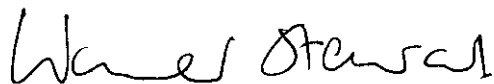
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2005 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

12 July 2005

ARUN PROPERTY INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2005

	Notes	£	2004 £
Turnover	2	217,013	195,324
Operating charges	3	(1,890)	(16,190)
Operating profit		215,123	179,134
Interest payable	4	(14,934)	(19,614)
Profit on ordinary activities before taxation		200,189	159,520
Tax on profit on ordinary activities	5	(62,433)	(45,580)
Retained profit on ordinary activities after taxation for the financial year	10	£ 137,756	£ 113,940

The results shown above are derived wholly from continuing operations.

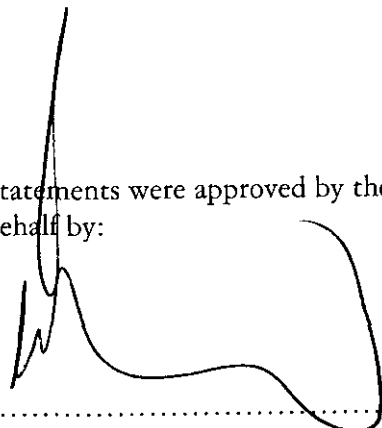
There were no recognised gains or losses other than the profit for the financial year.

The attached notes 1 to 11 form a part of these financial statements.

ARUN PROPERTY INVESTMENTS LIMITED
BALANCE SHEET AS AT 31 MARCH 2005

	Notes	£	£	2004 £
Fixed assets				
Tangible assets	6		3,326,384	2,085,100
Current assets				
Other debtors		-		1,225
Creditors: Amounts falling due within one year	7	(2,505,039)		(1,348,832)
Net current liabilities			(2,505,039)	(1,347,607)
Total assets less current liabilities			821,345	737,493
Creditors: Amounts falling due after more than one year	8		(170,353)	(224,257)
			£ 650,992	£ 513,236
Capital and reserves				
Called up share capital	9		1	1
Profit and loss account	10		650,991	513,235
Equity shareholder's funds	10		£ 650,992	£ 513,236

The financial statements were approved by the Board on 12 July 2005 and signed on its behalf by:


P A Rooney
Director

The attached notes 1 to 11 form a part of these financial statements

ARUN PROPERTY INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

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. As the company is a wholly owned subsidiary of Arun Estate Agencies Limited it has taken advantage of the partial exemption contained in Financial Reporting Standard 8 and has not disclosed transactions with other group companies.

Cashflow Statement

The company has taken advantage of the exemption from Financial Reporting Standard 1 from the requirement to produce a cashflow statement on the grounds that the parent company, Arun Estate Agencies Limited, includes the company in its own published consolidated financial statements.

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. 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.

ARUN PROPERTY INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

3. OPERATING CHARGES		2004
	£	£
Auditors' remuneration	1,500	1,294
Other operating charges	390	14,896
	<u>£ 1,890</u>	<u>£ 16,190</u>
4. INTEREST PAYABLE		
Interest payable on bank loans	<u>£ 14,934</u>	<u>£ 19,614</u>
5. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Analysis of tax charge in the year:		
UK corporation tax at 30% (2004: 30%)	60,077	45,500
Under provision for prior year	2,356	80
	<u>£ 62,433</u>	<u>£ 45,580</u>

The company has capital losses of approximately £44,000 available to carry forward against future capital gains subject to agreement by HMIT.

ARUN PROPERTY INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting tax charge for the year:

The corporation tax assessed for the year is different from the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are explained below:

	£	2004 £
Profit on ordinary activities before tax	200,189	159,520
Profit on ordinary activities before tax multiplied by the large companies rate of corporation tax in the UK of 30% (2003: 30%)	60,057	47,856
Effects of:		
Group relief received	-	(2,458)
Expenses not deductible for tax purposes	20	102
Under provision in prior period	2,356	80
Current tax charge for the year	<u>£ 62,433</u>	<u>£ 45,580</u>

6. TANGIBLE FIXED ASSETS

	Freehold properties £
Cost:	
At 1 April 2004	2,085,100
Additions	1,241,284
At 31 March 2005	<u>£ 3,326,384</u>

ARUN PROPERTY INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

7. CREDITORS: Amounts falling due within one year	£	2004 £
Bank loans (see note 8)	54,942	54,124
Corporation tax	60,077	45,500
Amounts owed to parent undertaking	2,324,777	1,200,429
Accruals and deferred income	64,280	48,779
Other taxes and social security	963	-
	<u>£ 2,505,039</u>	<u>£ 1,348,832</u>

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

Bank loans	<u>£ 170,353</u>	<u>£ 224,257</u>
------------	------------------	------------------

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

Between one and two years	54,942	54,124
Between two and five years	115,411	170,133
	<u>170,353</u>	<u>224,257</u>
Repayable after more than one year	54,942	54,124
Repayable within one year		
Total	<u>£ 225,295</u>	<u>£ 278,381</u>

ARUN PROPERTY INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005 (continued)

		2004
9. SHARE CAPITAL	£	£
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 2004	1	513,235	513,236
Profit for the year	-	137,756	137,756
	<u> </u>	<u> </u>	<u> </u>
As at 31 March 2005	£ 1	£ 650,991	£ 650,992
	<u> </u>	<u> </u>	<u> </u>

11. 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.