

ARUN ESTATE AGENCIES LIMITED  
REPORT AND CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2003

Registered number: 2597969



**ARUN ESTATE AGENCIES LIMITED**  
**DIRECTORS' REPORT**

**Directors:** P A Rooney (Chairman)  
B T Matthews  
M J Beer  
C A Coxon

**Secretary:** C A Coxon

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

**Registered number:** 2597969

The directors present their report together with the audited consolidated financial statements of the company and the group 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 the group and of the profit or loss of the group for that period. In preparing these 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 and the group 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 the group, 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Results and dividends**

The results of the group for the year are set out on page 6 of the consolidated financial statements.

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

**Principal activities**

The principal activities of the group during the year were the arrangement of the sale of properties, together with chartered surveying and related financial services.

**ARUN ESTATE AGENCIES LIMITED**  
**DIRECTORS' REPORT (continued)**

**Business review and future developments**

The group made a profit before taxation of £5,057,000 during the year compared to £2,802,000 prior to the exceptional item in 2002. This result reflects a strong performance from all areas of the estate agency business and the continued profitability of the surveying subsidiary.

Since the year end both the estate agency business and the surveying business have traded profitably. The directors are confident that the group will continue to trade profitably in the year to 31 March 2004.

**Employees**

Efforts are made to consult and inform employees on matters which concern them with emphasis on the continuing growth and development of the company, with communication being achieved principally through the regional and branch management structure.

It is the group's policy to support the employment of disabled persons wherever possible, both in recruitment and by retention of employees who have become disabled whilst in the employment of the group.

**Charitable donations**

The group made charitable donations of £101,754 (2002: £Nil) during the year.

**Directors and their interests**

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

The directors' beneficial interest in the share capital of the company were as follows:

	At 31 March 2003	At 1 April 2002
	Ordinary shares of £1 each	
P A Rooney	1,052	1,052
	<u>          </u>	<u>          </u>

No other director had a beneficial interest in the share capital of the company at any point during the year.

**Fixed assets**

The changes in fixed assets during the year are summarised in note 9 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. A formal review of the property portfolio will be undertaken during the coming financial year.

**ARUN ESTATE AGENCIES LIMITED**  
**DIRECTORS' REPORT (continued)**

**Auditors**

Warrener Stewart, Chartered Accountants, of Harwood House, 43 Harwood Road, London, SW6 4QP will be proposed for re-appointment at the forthcoming Annual General Meeting in accordance with Section 384 of the Companies Act 1985.

By Order of the Board

C A Coxon ..... Coxon .....

28 January 2004

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARUN ESTATE AGENCIES LIMITED**

We have audited the consolidated financial statements of Arun Estate Agencies Limited for the year ended 31 March 2003 which comprise the profit and loss account, consolidated balance sheet, company balance sheet, consolidated cash flow statement 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**

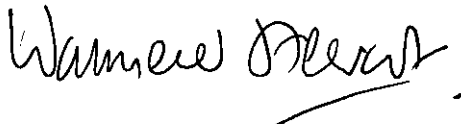
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates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

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the group's and the company's affairs as at 31 March 2003 and of the profit of the group 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 ESTATE AGENCIES LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
For the year ended 31 March 2003

	Notes	£000's	2002 £000's
Turnover	1 & 3	44,868	38,807
Operating charges	4	(39,830)	(35,882)
<b>Operating profit</b>		<u>5,038</u>	<u>2,925</u>
Non operating exceptional item	2	-	6,072
		<u>5,038</u>	<u>8,997</u>
Interest receivable and similar income	6	237	121
		<u>5,275</u>	<u>9,118</u>
Interest payable and similar charges	7	(218)	(244)
<b>Profit on ordinary activities before taxation</b>		<u>5,057</u>	<u>8,874</u>
Tax on profit on ordinary activities	8	(1,671)	(2,741)
<b>Profit on ordinary activities after taxation for the financial year</b>	18	<u><u>3,386</u></u>	<u><u>6,133</u></u>

The results detailed above are derived wholly from continuing operations.

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

The attached notes 1 to 23 form a part of these financial statements.

**ARUN ESTATE AGENCIES LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2003**

	Notes	£000's	£000's	2002 £000's
<b>Fixed assets</b>				
Tangible assets	9		8,714	9,058
				<hr/>
<b>Current assets</b>				
Stock	11	324		249
Debtors	12	3,669		4,730
Cash at bank and in hand		1,963		1,461
		<hr/>		<hr/>
		5,956		6,440
<b>Creditors: Amounts falling due within one year</b>	13	(5,521)		(8,951)
		<hr/>		<hr/>
<b>Net current assets/(liabilities)</b>			435	(2,511)
			<hr/>	<hr/>
<b>Total assets less current liabilities</b>			9,149	6,547
				<hr/>
<b>Creditors: Amounts falling due after more than one year</b>	14		(507)	(1,422)
				<hr/>
<b>Provision for liabilities and charges</b>	15		(131)	-
			<hr/>	<hr/>
			8,511	5,125
			<hr/>	<hr/>
<b>Capital and reserves</b>				
Called up share capital	16		1	1
Profit and loss account	18		7,947	4,561
Capital reserve	18		555	555
Capital redemption reserve	18		8	8
			<hr/>	<hr/>
<b>Equity shareholders' funds</b>	17		8,511	5,125
			<hr/>	<hr/>

The consolidated financial statements were approved by the Board on 28 January 2004 and signed on its behalf by

P A Rooney  
 Director

The attached notes 1 to 23 form a part of these financial statements.



**ARUN ESTATE AGENCIES LIMITED**  
**COMPANY BALANCE SHEET AS AT 31 MARCH 2003**

	Notes	£000's	£000's	2002 £000's
<b>Fixed assets</b>				
Tangible assets	9		3,360	3,647
Investments	10		1	1
			<u>3,361</u>	<u>3,648</u>
<b>Current assets</b>				
Debtors	12	3,514		3,840
Cash at bank and in hand		378		199
		<u>3,892</u>		<u>4,039</u>
<b>Creditors: Amounts falling due within one year</b>	13	(4,094)		(6,040)
		<u></u>		<u></u>
<b>Net current liabilities</b>			(202)	(2,001)
			<u></u>	<u></u>
<b>Total assets less current liabilities</b>			3,159	1,647
<b>Creditors: Amounts falling due after more than one year</b>	14		-	(296)
			<u>3,159</u>	<u>1,351</u>
			<u></u>	<u></u>
<b>Capital and reserves</b>				
Called up share capital	16		1	1
Profit and loss account	18		3,150	1,342
Capital redemption reserve	18		8	8
			<u></u>	<u></u>
<b>Equity shareholders' funds</b>	17		3,159	1,351
			<u></u>	<u></u>

The financial statements were approved by the Board on 28 January 2004 and signed on its behalf by

P A Rooney .....  
Director

The attached notes 1 to 23 form a part of these financial statements.

**ARUN ESTATE AGENCIES LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
For the year ended 31 March 2003

	Notes	£000's	£000's	2002 £000's
Net cash inflow from operating activities	19		5,759	3,536
<b>Servicing of finance and returns on investments</b>				
Interest received		237		121
Interest paid		(115)		(244)
		<u>          </u>		<u>          </u>
Net cash inflow/(outflow) from servicing of finance and returns on investments			122	(123)
<b>Taxation</b>				
UK corporation tax paid		(3,033)		(820)
Prior year tax recovered		-		642
		<u>          </u>		<u>          </u>
			(3,033)	(178)
			<u>          </u>	<u>          </u>
			2,848	3,235
<b>Capital expenditure and financial investment</b>				
Payments to acquire development stock		(75)		-
Payments to acquire tangible fixed assets		(2,193)		(1,572)
Receipts from sales of tangible fixed assets		1,261		227
		<u>          </u>		<u>          </u>
Net cash outflow from investing activities			(1,007)	(1,345)
			<u>          </u>	<u>          </u>
Net inflow before management of liquid resources and financing			1,841	1,890
<b>Financing</b>				
Loans repaid to banks		(559)		-
Loans repaid to financial institution		-		(96)
Loans from banks		-		224
Net hire purchase repayments		(780)		(893)
		<u>          </u>		<u>          </u>
Net cash outflow from financing			(1,339)	(765)
			<u>          </u>	<u>          </u>
Increase in cash and cash equivalents	21		502	1,125
			<u>          </u>	<u>          </u>

The attached notes 1 to 23 form a part of these financial statements.

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED 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.

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company has not been separately presented in the financial statements.

**Basis of consolidation**

The financial statements consolidate the financial statements of the company and its subsidiary undertakings as at 31 March 2003 using acquisition accounting.

The capital reserve represents the difference between the cost and the value of net assets acquired in a subsidiary undertaking and was transferred to reserves in the year of acquisition.

**Investments**

Investments are included in these financial statements at the cost of the ordinary share capital acquired. Adjustments to this value are only made when, in the opinion of the directors, a permanent diminution in value has taken place and where there is no prospect of an improvement in the foreseeable future.

**Stock**

Development stock is valued at the lower of cost and net realisable value after making due allowance for any foreseeable under recoveries and includes all attributable costs included in the development of ongoing property projects less amounts attributable to project sales.

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 March 2003 (continued)

**1. ACCOUNTING POLICIES (continued)**

**Turnover**

Turnover from estate agency represents commissions earned in respect of all transactions exchanged within the year.

Commissions received on life assurance products represent commissions earned, net of amounts refunded on cancellation of agreements or policies lapsed during the year. Provision is made for future refunds or lapses at the end of each year.

The above represents a change in accounting policy for financial services income compared with the year ended 31 March 2002. No prior period adjustment has been reflected within these financial statements as there is no material impact on the figures for the year ended 31 March 2002.

Turnover from the sale of other financial services products is recognised on a received basis.

Turnover from professional services represents invoiced sales less credits.

**Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Motor vehicles	- 16.67% on cost
Furniture, fixtures and office equipment	- 20% on cost

Short leasehold premiums are amortised over the shorter of the remaining life of the lease, or useful economic life of the leasehold property.

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.

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 March 2003 (continued)

**1. ACCOUNTING POLICIES (continued)**

**Leased assets**

Where assets are financed by leasing or hire purchase agreements, the assets are treated as if they had been purchased. The present value of the minimum lease payments payable during the lease term is capitalised as a tangible asset and the corresponding leasing commitment is included as a liability. Rentals payable are apportioned between interest, which is charged to the profit and loss account, and capital which reduces the outstanding commitment.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a payable basis.

**Deferred taxation**

Deferred tax 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 that have originated but not reversed by the balance sheet date and is not recognised on permanent differences.

It is the group's policy not to discount deferred tax to reflect the time value of money.

**Pension contributions**

The group operates two defined contribution schemes for its employees. The funds of these schemes are administered by trustees and are separate from the group. All payments are charged to the profit and loss account as and when they arise.

**2. EXCEPTIONAL ITEM**

During the year ended 31 March 2002, an exceptional item arose from the termination of an agreement between the group and the life assurance company to which it was previously tied.

When the tying agreement was terminated, the following were agreed:

- (a) that no future lapses could arise in respect of policies that had previously been written; and
- (b) that certain loan balances outstanding at the date that the agreement was terminated would be written off in the books of the life assurance company.

As a result of the above, deferred income and prepaid direct expenses were released to the profit and loss account and loan balances owed to the life assurance company were written off.

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 March 2003 (continued)

**2. EXCEPTIONAL ITEM (continued)**

The exceptional items were as follows:

(a) Included within operating profit:

- release of deferred commission income of £1,982,000
- write back of prepaid direct commission of £333,000

Prior to the release of these provisions, the above amounts would have been disclosed as turnover and operating charges within the financial statements for the years ending 31 March 2003 and 2004. Consequently these exceptional items were included within these classifications in the profit and loss account.

(b) On the face of the profit and loss account as a non operating exceptional item:

- loan balances written off and related taxation credit totalling £6,072,000

**3. TURNOVER**

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

**4. OPERATING CHARGES**

	£000's	2002 £000's
Staff costs	27,208	23,449
Depreciation of tangible fixed assets		
- owned	979	686
- held under hire purchase agreements	250	631
Other operating charges	9,411	8,822
Auditors' remuneration		
- for audit services	30	31
- for other services	21	24
Rental of land and buildings	1,748	1,792
Hire of equipment	136	256
Goodwill written off	-	191
Profit on sale of fixed assets	47	-
	<hr/>	<hr/>
	39,830	35,882
	<hr/>	<hr/>

ARUN ESTATE AGENCIES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2003 (continued)

5. EMPLOYEES INCLUDING DIRECTORS

The average monthly number of employees (including directors) during the year was as follows:

	No.	No.
Operations, including branch staff	779	798
Administration and management	54	54
	<u>833</u>	<u>852</u>

	£000's	2002 £000's
The aggregate payroll costs of these pensions were:		
Wages and salaries	24,178	21,171
Social security costs	2,523	2,010
Pension costs	507	268
	<u>27,208</u>	<u>23,449</u>

Directors emoluments are made up as follows:

Aggregate emoluments (including benefits in kind)	4,682	2,826
Company pension contributions	113	67
	<u>4,795</u>	<u>2,893</u>

Highest paid director:

Aggregate emoluments (including benefits in kind)	4,352	2,500
Company pension contributions	44	44
	<u>4,396</u>	<u>2,544</u>

The number of directors accruing benefits under a money purchase pension scheme during the year was 4 (2002: 4).

ARUN ESTATE AGENCIES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2003 (continued)

6. INTEREST RECEIVABLE	£000's	2002
		£000's
On bank deposits	117	111
On short term investments	79	-
Other interest	41	10
	<u>237</u>	<u>121</u>
	<u><u>237</u></u>	<u><u>121</u></u>
7. INTEREST PAYABLE	£000's	2002
		£000's
Interest on loans	59	158
Finance charges under hire purchase contracts	41	86
Corporation tax interest	103	-
Other interest	15	-
	<u>218</u>	<u>244</u>
	<u><u>218</u></u>	<u><u>244</u></u>
8. TAX ON PROFIT ON ORDINARY ACTIVITIES	£000's	2002
		£000's
Analysis of tax charge in the year:		
UK corporation tax at current rates	1,548	2,741
Overprovision in prior period	(8)	-
	<u>1,540</u>	<u>2,741</u>
Total current tax (see below)	1,540	2,741
Deferred taxation (note 15)	131	-
	<u>1,671</u>	<u>2,741</u>
Tax charge on ordinary activities	<u><u>1,671</u></u>	<u><u>2,741</u></u>



ARUN ESTATE AGENCIES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2003 (continued)

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting the 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% (2002: 30%). The differences are explained below:

	£ 000's	2002 £ 000's
Profit on ordinary activities before tax	5,057	8,874
Profit on ordinary activities before tax multiplied by the standard companies rate of corporation tax in the UK	1,517	2,662
Effects of:		
Expenses not deductible for tax purposes	30	253
Capital allowances for the year less than depreciation	(31)	(31)
Utilisation of tax losses	-	(146)
Marginal relief	(1)	(5)
Capital loss on sales of property carried forward to future accounting periods	10	-
Adjustments to tax charge in respect of previous Years	(8)	-
Current year overprovision	23	8
Current tax charge for the year	1,540	2,741

ARUN ESTATE AGENCIES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2003 (continued)

9. TANGIBLE FIXED ASSETS

<i>Group</i>	Land & buildings		Motor vehicles	Furniture, fixtures & office equipment	Total
	Freehold	Short leasehold			
	£000's	£000's	£000's	£000's	£000's
<b>Cost:</b>					
At 1 April 2002	4,379	683	4,205	4,446	13,713
Additions	-	37	1,607	549	2,193
Disposals	(973)	-	(726)	-	(1,699)
Fully depreciated assets	-	(60)	-	(1,217)	(1,277)
At 31 March 2003	3,406	660	5,086	3,778	12,930
<b>Depreciation:</b>					
At 1 April 2002	-	348	1,371	2,936	4,655
Charge for the year	-	96	593	540	1,229
Disposals	-	-	(451)	-	(451)
Fully depreciated assets	-	-	-	(1,217)	(1,217)
At 31 March 2003	-	444	1,513	2,259	4,216
<b>Net book value:</b>					
At 31 March 2003	3,406	216	3,573	1,519	8,714
At 31 March 2002	4,379	335	2,834	1,510	9,058

The net book value of the tangible fixed assets includes £1,077,010 (2002: £2,594,000) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £249,883 (2002: £631,000).

ARUN ESTATE AGENCIES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2003 (continued)

9. TANGIBLE FIXED ASSETS (continued)

<i>Company</i>	Land & buildings		Motor vehicles	Furniture, fixtures & office equipment	Total
	Freehold	Short leasehold			
	£000's	£000's	£000's	£000's	£000's
<b>Cost:</b>					
At 1 April 2002	1,521	645	668	3,577	6,411
Additions	-	37	123	507	667
Disposals	(200)	-	(136)	-	(336)
Fully depreciated assets	-	(60)	-	(805)	(865)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	1,321	622	655	3,279	5,877
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation:</b>					
At 1 April 2002	-	331	159	2,274	2,764
Charge for the year	-	88	77	468	633
Disposals	-	-	(75)	-	(75)
Fully depreciated assets	-	-	-	(805)	(805)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	-	419	161	1,937	2,517
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value:</b>					
At 31 March 2003	1,321	203	494	1,342	3,360
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2002	1,521	314	509	1,303	3,647
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes £176,369 (2002: £264,000) in respect of assets held under hire purchase contracts. The depreciation charged in the year in respect of these assets amounts to £87,631 (2002: £101,000).

ARUN ESTATE AGENCIES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2003 (continued)

10. INVESTMENTS

Investments in subsidiary undertakings

*Company*

The company owns 100% of the issued share capital of the following companies, all of which are incorporated in England. The investments in the subsidiaries are recorded in the financial statements at their cost of £1,012 (2002: £1,012).

Name:	Principal activity:
D.A.S. Holdings Limited	Estate agency
Anderson & Associates Limited	Chartered Surveyors
Arun Leasing Company Limited	Leasing
Arun Property Investments Limited	Property ownership
Arun Developments Limited	Property development
Home In One Limited	Dormant
Home in One Financial Services Limited	Dormant
Mortgage Matters Direct Limited	Dormant
Arun Direct Conveyancing Limited	Dormant

	2003 <i>Group</i> £000's	2003 <i>Company</i> £000's	2002 <i>Group</i> £000's	2002 <i>Company</i> £000's
11. STOCK				
Stock of development land and buildings for resale	324	-	249	-
	<u>324</u>	<u>-</u>	<u>249</u>	<u>-</u>
12. DEBTORS				
Trade debtors	2,648	2,044	3,398	2,187
Amounts owed by subsidiary undertakings	-	584	-	665
Corporation tax recoverable	-	43	-	-
Other debtors	321	266	645	430
Prepayments and accrued income	700	577	687	558
	<u>3,669</u>	<u>3,514</u>	<u>4,730</u>	<u>3,840</u>
Prepayments and accrued income include the following amounts falling due after more than one year	-	-	29	27
	<u>-</u>	<u>-</u>	<u>29</u>	<u>27</u>

**ARUN ESTATE AGENCIES LIMITED**  
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**13. CREDITORS: Amounts falling due within one year**

	2003 <i>Group</i> £000's	2003 <i>Company</i> £000's	2002 <i>Group</i> £000's	2002 <i>Company</i> £000's
Bank loans (secured) (see note 14)	75	-	126	-
Obligations under hire purchase contracts	251	74	796	159
Trade creditors	394	322	279	255
Current corporation tax	448	50	1,941	1,632
Other taxes and social security costs	2,964	2,596	1,988	1,293
Other creditors	200	68	454	52
Accruals and deferred income (see note 14)	1,189	984	3,367	2,649
	<u>5,521</u>	<u>4,094</u>	<u>8,951</u>	<u>6,040</u>

**14. CREDITORS: Amounts falling due after more than one year**

Bank loans (secured)	466	-	974	-
Obligations under hire purchase contracts	41	-	276	133
Accruals and deferred income	-	-	172	163
	<u>507</u>	<u>-</u>	<u>1,422</u>	<u>296</u>

Debt is analysed by maturity below:

Between one and two years	115	-	358	105
Between two and five years	238	-	599	28
After five years	154	-	293	-
	<u></u>	<u></u>	<u></u>	<u></u>
Repayable after more than one year	507	-	1,250	133
Repayable within one year	326	74	922	159
	<u></u>	<u></u>	<u></u>	<u></u>
Total debt	<u>833</u>	<u>74</u>	<u>2,172</u>	<u>292</u>

Security on the bank loans is by way of a legal mortgage over the freehold properties purchased with the loan finance.

ARUN ESTATE AGENCIES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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15. PROVISIONS FOR LIABILITIES AND CHARGES

*Group*

	£ 000's	2002 £ 000's
Deferred taxation	131	-
	<u>          </u>	<u>          </u>
Provision at the start of the year	-	-
Deferred tax charge to the profit and loss account (note 8)	131	-
	<u>          </u>	<u>          </u>
Provision at the end of the year	131	-
	<u>          </u>	<u>          </u>

Deferred taxation relates entirely to accelerated capital allowances which have been provided for in full.

16. SHARE CAPITAL

	£000's	2002 £000's
<i>Group and company</i>		
Authorised:		
1,100 ordinary shares of £1 each	1	1
	<u>          </u>	<u>          </u>
Allotted and fully paid:		
1,052 (2002: 1,052) ordinary shares of £1 each	1	1
	<u>          </u>	<u>          </u>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<i>Group</i> £000's	<i>Company</i> £000's
Opening shareholders funds	5,125	1,351
Profit for the year	3,386	1,808
	<u>          </u>	<u>          </u>
Closing shareholders' funds	8,511	3,159
	<u>          </u>	<u>          </u>

ARUN ESTATE AGENCIES LIMITED  
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18. RESERVES

<i>Group</i>	Capital reserve £000's	Capital redemption reserve £000's	Profit & loss account £000's	Total £000's
At 1 April 2002	555	8	4,561	5,124
Profit for the year	-	-	3,386	3,386
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 March 2003	555	8	7,947	8,510
	<hr/>	<hr/>	<hr/>	<hr/>

<i>Company</i>	Capital redemption reserve £000's	Profit & loss account £000's	Total £000's
At 1 April 2002	8	1,342	1,350
Profit for the year	-	1,808	1,808
	<hr/>	<hr/>	<hr/>
Balance as at 31 March 2003	8	3,150	3,158
	<hr/>	<hr/>	<hr/>

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £000's	2002 £000's
Operating profit	5,038	8,997
Depreciation of tangible fixed assets	1,229	1,317
Loan written off	-	(4,967)
Loss/(profit) on disposal of tangible fixed assets	47	(49)
Decrease/(increase) in debtors	1,061	(639)
Decrease in creditors	(1,616)	(1,123)
	<hr/>	<hr/>
Net cash inflow from operating activities	5,759	3,536
	<hr/>	<hr/>

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 March 2003 (continued)

**20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	£000's	£000's	2002 £000's
Increase in cash in the year		502	1,125
Term loans repaid	559		106
Term loans advanced	-		(330)
Debenture loans repaid	-		96
Net hire purchase repayments	780		893
Loan written off	-		4,967
Decrease in debt in the year		1,339	5,732
Change in net debt		1,841	6,857
Net debt at 1 April 2002		(711)	(7,568)
Net debt at 31 March 2003		1,130	(711)

**21. ANALYSIS OF CHANGES IN NET DEBT**

	At 31.3.02	Cash flow	At 31.3.03
	£000's	£000's	£000's
Cash at bank and in hand	1,461	502	1,963
Debt due within one year	(922)	596	(326)
Debt due after one year	(1,250)	743	(507)
Total net debt	(711)	1,841	1,130



**ARUN ESTATE AGENCIES LIMITED**  
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**22. COMMITMENTS UNDER OPERATING LEASES**

At 31 March 2003, the group had annual commitments under non-cancellable operating leases as follows:

	£000's	2002 £000's
<b>Equipment and vehicle leases expiring:</b>		
Within one year	1	26
Between two and five years	-	6
	<u>1</u>	<u>32</u>
	<u><u>1</u></u>	<u><u>32</u></u>
 <b>Land and buildings leases expiring:</b>		
Within one year	199	258
Between two and five years	700	707
After five years	1,471	1,370
	<u>2,370</u>	<u>2,335</u>
	<u><u>2,370</u></u>	<u><u>2,335</u></u>

The group had capital commitments of £ Nil at 31 March 2003 (31 March 2002: £ 195,000).

**23. RELATED PARTY DISCLOSURES**

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

*Group and company*

**Balances with related parties**

	£000's	2002 £000's
<b>Director's loan accounts</b>		
P A Rooney (debtor)/creditor (included within other debtors (2002: other creditors)	(190)	1,236
	<u>(190)</u>	<u>1,236</u>

**Transactions with related parties**

Rent and associated charges payable to P A Rooney	315	329
	<u>315</u>	<u>329</u>

**Nature of relationships and control**

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