

for

ARUN ESTATE AGENCIES LIMITED
REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009



Registered number: 2597969

ARUN ESTATE AGENCIES LIMITED DIRECTORS' REPORT

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

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 30 September 2009.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and 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 Accountings Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they 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) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (iv) 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 adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group, and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

ARUN ESTATE AGENCIES LIMITED

DIRECTORS' REPORT (continued)

Results and dividends

The results of the group for the year are set out on page 7 of the consolidated financial statements.

A dividend of £ 1,000,000 was declared in the year (period ended 30 September 2008: £ 5,250,000); and the balance will be transferred to reserves.

Principal activities

The principal activities of the group during the period were the arrangement of the sale of properties, together with chartered surveying and related financial services. During the year the company acquired Rooney Air Limited, whose principal activity is the charter of private aeroplanes to individuals.

Fair review of the business

The group made a profit before taxation of £ 2,880,000 during the year compared to £ 7,159,000 in the 18 month period ended 30 September 2008.

The above result is after three material items – charitable donations, a revaluation deficit on freehold properties and an unrealised exchange loss on loans denominated in US Dollars. If these costs are disregarded, the group made a profit from operations of £ 5,587,000. On a pro-rata monthly basis this exceeds the excellent result achieved in the previous period.

The group's charitable donations came to £ 1,777,903, an amount which represents over 30% of the adjusted operating profit. These donations, details of which are set out below, were made despite the harsh economic environment. This decision reflects the view of the directors that in difficult times, charities require continued support from the business community.

Details of other significant costs are shown in note 3 to the financial statements.

The improved operational performance achieved in the continuing tough economic and market conditions is an excellent achievement. This result has been achieved, in part, by the business improving its commission rates due to the reputation its estate agency business has in achieving sales in difficult market conditions. Additionally the group has continued to address its cost base and operating structure.

Development and performance of the business

The business has continued to adapt its structure and operations to cope with the difficult market and economic conditions without materially affecting the size of the branch network or the geographical spread of the group.

Future developments of the business

The group has continued to trade profitably since the year end and the financial services division started to see an upturn in business. The directors are confident that the group has the structure in place to deal with the current market and any future changes in market conditions.

ARUN ESTATE AGENCIES LIMITED

DIRECTORS' REPORT (continued)

Future developments of the business (continued)

The directors are of the firm opinion that despite the likely effects the reversal of the short term government tax incentives will produce, the group will produce another satisfactory result in the year to 30 September 2010.

Position of the group at the year end

At the year end, the group had net assets of £ 13,734,000; (2008: £ 15,003,000).

Description of principal risks and uncertainties

The principal risk to the business is the health of the UK residential property market. Confidence in this market is affected by a number of factors principally the performance and stability of the world and the UK.

Specific matters such as the security and mobility of employment, the interest rates applied to mortgage lending and the willingness of financial institutions to provide mortgage finance affect the property market.

The principal risk to the aircraft business is the continued downturn in the global economy which could result in a reduction of charter income.

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 to UK charities of £1,777,903 (2008: £300,988) during the year. The main beneficiaries were:

	£
The Kent Community Foundation	1,690,375
The Haven House Foundation	5,646
SPARKS	55,000
Greatstone Singers	13,025
Reedham Trust	5,500
	<hr/>

ARUN ESTATE AGENCIES LIMITED
DIRECTORS' REPORT (continued)

Directors

The directors of the company at 30 September 2009 are shown above.

Fixed assets

The changes in fixed assets during the year are summarised in notes 9, 10 and 11 to the financial statements.

In the opinion of the directors, the carrying value of freehold land and buildings at 30 September 2009 was not materially different to its open market value.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

In accordance with the company's articles, a resolution proposing that Warrener Stewart, Chartered Accountants, of Harwood House, 43 Harwood Road, London, SW6 4QP be reappointed as auditors of the company will be put at the forthcoming Annual General Meeting.

By Order of the Board

C A Coxon 

22nd December 2009

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 30 September 2009 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement, the group statement of total recognised gains and losses, the company statement of total recognised gains and losses and the related notes. These financial statements have been prepared under and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 495 and 496 of the Companies Act 2006. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view 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 have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. 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 adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

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

Scope of the audit of the financial statements

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'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 on the financial statements

In our opinion;

- the financial statements give a true and fair view of the company's and group's affairs as at 30 September 2009 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Companies Act 2006

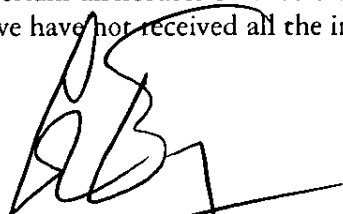
Opinion on other matter prescribed by the Companies Act 2006

- the information given in the directors' report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**C P Edney (Senior Statutory Auditor)
For and on behalf of Warrener Stewart
Chartered Accountants
Statutory Auditor**

Harwood House
43 Harwood Road
London
SW6 4QP

22nd December 2009

ARUN ESTATE AGENCIES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 30 September 2009

			Period ended 30.09.08 (18 months)
	Notes	£000's	£000's
Turnover			
Continuing operations			
- Existing	2	41,421	73,172
- Acquisitions	2	249	-
		<u>41,670</u>	<u>73,172</u>
 Operating charges	 3	 (38,878)	 (66,670)
 Operating profit/(loss)			
Continuing operations			
- Existing		3,415	6,502
- Acquisitions		(623)	-
		<u>2,792</u>	<u>6,502</u>
 Interest receivable and similar income	 5	 92	 671
		<u>2,884</u>	<u>7,173</u>
 Interest payable and similar charges	 6	 (4)	 (14)
 Profit on ordinary activities before taxation		 2,880	 7,159
 Tax on profit on ordinary activities	 7	 (1,138)	 (2,145)
 Profit on ordinary activities after taxation for the financial year	 19	 <u>1,742</u>	 <u>5,014</u>

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The attached notes 1 to 24 form a part of these financial statements.

ARUN ESTATE AGENCIES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2009

	Notes	£000's	£000's	30.09.08 £000's
Fixed assets				
Intangible assets	9		1,759	-
Tangible assets	10		20,025	11,810
			<u>21,784</u>	<u>11,810</u>
Current assets				
Stock	12	294		283
Debtors	13	6,186		4,410
Cash at bank and in hand		8,987		4,211
		<u>15,467</u>		<u>8,904</u>
Creditors: Amounts falling due within one year	14	(8,473)		(4,957)
		<u></u>		<u></u>
Net current assets			6,994	3,947
			<u></u>	<u></u>
Total assets less current liabilities			28,778	15,757
			<u></u>	<u></u>
Creditors: Amounts falling due after more than one year	15		(14,494)	(28)
			<u></u>	<u></u>
Provision for liabilities and charges	16		(550)	(726)
			<u>13,734</u>	<u>15,003</u>
			<u></u>	<u></u>
Capital and reserves				
Called up share capital	17		1	1
Revaluation reserve	19		1,002	3,013
Profit and loss account	19		12,168	11,426
Capital reserve	19		555	555
Capital redemption reserve	19		8	8
			<u>13,734</u>	<u>15,003</u>
Shareholders' funds	18		<u>13,734</u>	<u>15,003</u>

The financial statements were approved for release by the Board on 22nd December 2009 and signed on its behalf by

P A Rooney
Director

Company Registration No. 2597969

The attached notes 1 to 24 form a part of these financial statements.

ARUN ESTATE AGENCIES LIMITED
COMPANY BALANCE SHEET AS AT 30 SEPTEMBER 2009

	Notes	£000's	£000's	30.09.08 £000's
Fixed assets				
Tangible assets	10		3,949	5,708
Investments	11		501	501
			<u>4,450</u>	<u>6,209</u>
Current assets				
Debtors	13	9,821		6,913
Cash at bank and in hand		8,961		4,213
		<u>18,782</u>		<u>11,126</u>
Creditors: Amounts falling due within one year	14	(9,366)		(6,005)
		<u></u>		<u></u>
Net current assets			9,416	5,121
			<u></u>	<u></u>
Total assets less current liabilities			13,866	11,330
			<u></u>	<u></u>
Provision for liabilities and charges	16		(550)	(726)
			<u>13,316</u>	<u>10,604</u>
			<u></u>	<u></u>
Capital and reserves				
Called up share capital	17		1	1
Revaluation reserve	19		625	1,870
Profit and loss account	19		12,682	8,725
Capital redemption reserve	19		8	8
			<u>13,316</u>	<u>10,604</u>
Shareholders' funds	18		<u>13,316</u>	<u>10,604</u>

The financial statements were approved for release by the Board on 22nd December 2009 and signed on its behalf by

P A Rooney
 Director

Company Registration No. 2597969

The attached notes 1 to 24 form a part of these financial statements.

ARUN ESTATE AGENCIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 September 2009

			Period ended 30.09.08
	Notes	£000's	£000's
Net cash inflow from operating activities	20		10,290
Returns on investments and servicing of finance			
Interest received		92	671
Interest paid		(4)	(14)
		<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance		88	657
Taxation			
UK corporation tax paid		(635)	(3,210)
Capital expenditure and financial investment			
Cash arising on acquisition of subsidiary		43	-
Payments to acquire tangible fixed assets		(2,951)	(2,913)
Receipts from sales of tangible fixed assets		131	652
		<hr/>	<hr/>
Net cash outflow from investing activities		(2,777)	(2,261)
Dividends			
Equity dividends paid		(650)	(14,250)
		<hr/>	<hr/>
Net cash inflow/(outflow) before management of liquid resources and financing		2,239	(8,774)
Financing			
Loans repaid to banks		(48)	(68)
Loans advanced by director		2,585	-
		<hr/>	<hr/>
Net cash inflow/(outflow) from financing		2,537	(68)
		<hr/>	<hr/>
Increase/(decrease) in cash	21	4,776	(8,842)
		<hr/>	<hr/>

The attached notes 1 to 24 form a part of these financial statements.

ARUN ESTATE AGENCIES LIMITED
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 30 September 2009

			Period ended 30.09.08
	Notes	£000's	£000's
Profit for the year		1,742	5,014
Deficit on revaluation of freehold properties	10	(2,011)	-
		<u> </u>	<u> </u>
Total recognised gains and losses relating to the year		(269)	5,014
		<u> </u>	<u> </u>

COMPANY STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 30 September 2009

			Period ended 30.09.08
	Notes	£000's	£000's
Profit for the year		4,957	4,398
Deficit on revaluation of freehold properties	10	(1,245)	-
		<u> </u>	<u> </u>
Total recognised gains and losses relating to the year		3,712	4,398
		<u> </u>	<u> </u>

The attached notes 1 to 24 form a part of these financial statements.

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009

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, modified to include the revaluation of freehold buildings, and in accordance with applicable accounting standards.

As permitted by Section 408 of the Companies Act 2006, 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 all of its subsidiary undertakings as at 30 September 2009 using acquisition accounting.

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 incurred in the development of ongoing property projects less amounts attributable to project sales.

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.

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

Turnover from professional services represents invoiced sales less credits.

Turnover from the air charter business represents amounts derived from the provision of goods and services to third party customers and is stated net of value added tax. The full contract value is recognised as turnover and is recognised only after the contract has been fulfilled

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

1. ACCOUNTING POLICIES (continued)

Depreciation

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

Motor vehicles	- 25% on cost
Furniture, fixtures & office equipment	- 20% to 33.33% on cost
Aircraft	- over 10 years

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

Given the lives of the group's freehold properties are so long and that they are maintained to such a high standard, it is the opinion of the directors that the residual values are sufficiently high to make any depreciation charge immaterial.

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.

Goodwill

Goodwill arising on the acquisition of other businesses is capitalised in the year of acquisition and written off over its estimated useful economic life to the profit and loss account.

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.

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. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

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

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

1. ACCOUNTING POLICIES (continued)

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.

Employee benefit trust

The company operates an employee benefit trust for certain of its senior employees. In accordance with UITF Abstract 32, amounts held by the trust are included as an asset of the company until such time as distributions are made to the appropriate beneficiaries. The cash paid into the trust at 30 September 2009 amounted to £2,634,000 (30 September 2008: £2,634,000). All assets held in the trust are vested unconditionally and distributions can only be made at the discretion of the trustees.

True and fair override: according to the provisions of UITF Abstract 32, the cost of benefits payable out of the employee benefit trust should not be charged to the profit and loss account until such time as distributions are made from the trust to its beneficiaries. The directors of the company do not consider this to show a true and fair view, as to comply with the abstract in this regard would fail to match the profit and loss expenditure to the period over which the benefit is accrued.

The accounting policy adopted is to charge the anticipated benefit payable to each member within the scheme to the profit and loss account on a straight line basis over the period of time that contributions are payable from the date of the member joining the scheme to the earliest date on which such benefit could be paid out.

A corresponding liability is included within the financial statements for such amounts payable. The amount charged to the profit and loss account during the year ended 30 September 2009 was £452,412 (Period ended 30 September 2008 - £667,738).

Onerous contracts

In accordance with FRS12, where the group is subject to commitments where the cost of those commitments exceeds the income generated from those contracts, provision is made for the present value of the net cost of those onerous contracts. These provisions (which relate to vacant premises) are included within provisions for liabilities and charges.

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

2. 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.

	Period ended 30.09.08	
	£000's	£000's
The analysis of turnover by class of Business is:		
Estate agency and related services	39,763	70,202
Surveying	1,658	2,970
Air charter	249	-
	<hr/>	<hr/>
	41,670	73,172
	<hr/>	<hr/>

3. OPERATING CHARGES

	Period ended 30.09.08	
	£000's	£000's
Staff costs	23,701	43,972
Depreciation of tangible fixed assets		
- owned	1,486	2,506
Amortisation of goodwill	30	-
Deficit on revaluation of freehold properties	530	-
Unrealised exchange loss	399	-
Other operating charges	10,326	16,748
Auditors' remuneration		
- for audit services	33	35
- for taxation services	25	23
Rental of land and buildings	2,355	3,532
Profit on sale of fixed assets	(7)	(146)
	<hr/>	<hr/>
	38,878	66,670
	<hr/>	<hr/>

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

4. EMPLOYEES INCLUDING DIRECTORS

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

	No.	No.
Operations, including branch staff	699	844
Administration and management	49	57
	<u>748</u>	<u>901</u>

The aggregate payroll costs of these employees (including directors) were:

	Period ended 30.09.08 £000's	£000's
Wages and salaries	20,581	38,303
Social security costs	2,210	4,148
Pension costs	910	1,521
	<u>23,701</u>	<u>43,972</u>

Directors emoluments are made up as follows:

Aggregate emoluments (including benefits in kind)	800	1,420
Company pension contributions	132	488
	<u>932</u>	<u>1,908</u>

Highest paid director:

Aggregate emoluments (including benefits in kind)	377	603
Company pension contributions	23	353
	<u>400</u>	<u>956</u>

The number of directors accruing benefits under money purchase pension schemes during the year was 5 (2008: 5).

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

5. INTEREST RECEIVABLE

	£000's	30.09.08 £000's
On bank deposits	67	596
Other interest	25	75
	<u>92</u>	<u>671</u>
	<u><u>92</u></u>	<u><u>671</u></u>

6. INTEREST PAYABLE

Interest on loans	2	11
Other interest	2	3
	<u>4</u>	<u>14</u>
	<u><u>4</u></u>	<u><u>14</u></u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	£000's	Period ended 30.09.08 £000's
Analysis of tax charge in the year:		
UK corporation tax at current rates	1,344	2,403
(Over)/underprovision in prior period	(61)	(26)
	<u>1,283</u>	<u>2,377</u>
Total current tax (see below)	1,283	2,377
Deferred taxation (note 16):		
Origination and reversal of timing differences	(145)	(232)
	<u>1,138</u>	<u>2,145</u>
Tax charge on ordinary activities	1,138	2,145

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Analysis of tax charge in the year:

	£000's	Period ended 30.09.08 £000's
--	--------	------------------------------------

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 28% (2008: 30%). The differences are explained below:

Profit on ordinary activities before tax	2,880	7,159
	<hr/>	<hr/>
Profit on ordinary activities before tax multiplied by the standard companies rate of corporation tax in the UK	806	2,148
Effects of:		
Expenses not deductible for tax purposes	266	212
Deficit on revaluation of freehold properties	148	-
Capital allowances for the year less than depreciation	120	119
Marginal relief	(5)	(20)
Utilisation of brought forward tax losses	-	(12)
Profit on sales of assets	(9)	(44)
Current year overprovision	18	-
Adjustments to tax charge in respect of previous years	(61)	(26)
	<hr/>	<hr/>
Current tax charge for the year	1,283	2,377
	<hr/>	<hr/>

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

8. ACQUISITION

Company

On 1st August 2009 the company acquired Rooney Air Limited for a consideration of £1. A summary of the aggregate assets and liabilities acquired and their fair value to the group is as follows:-

	Book and fair value	
	£000's	£000's
Fixed Assets		9,415
Debtors		434
Cash		43
Creditors		(171)
		<hr/>
		9,721
Loan	(781)	
Aircraft loans	(10,729)	
	<hr/>	
		(11,510)
		<hr/>
Goodwill on acquisition		(1,789)
		<hr/>

In the opinion of the directors, the fair value of assets and liabilities on acquisition were equivalent to their book value.

The summarised profit and loss account of Rooney Air Limited for the period 1 October 2008 to the date of acquisition is:

	£000's
Turnover	774
Operating charges	(1,754)
	<hr/>
Loss after taxation	(980)
	<hr/>

Rooney Air Limited realised a loss after taxation of £ 809,000 for the period ended 30 September 2008.

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

9. INTANGIBLE FIXED ASSETS

<i>Group</i>	Goodwill £000's
Cost:	
Additions and at 30 September 2009	1,789
Amortisation:	
Charge for the year and at 30 September 2009	30
Net book value:	
At 30 September 2009	1,759

The goodwill arose on the acquisition of Rooney Air Limited and is being amortised over its estimated useful life of ten years.

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

10. TANGIBLE FIXED ASSETS

<i>Group</i>	Land & buildings		Motor	Furniture, fixtures & office	Aircraft	Total
	Freehold	Short leasehold	vehicles	equipment		
	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:						
At 1 October 2008	7,449	1,102	4,289	4,286	-	17,126
Additions	-	184	27	182	2,558	2,951
Arising on acquisition	-	-	-	-	9,415	9,415
Disposals	-	-	(500)	-	-	(500)
Revaluation in year	(2,541)	-	-	-	-	(2,541)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 September 2009	4,908	1,286	3,816	4,468	11,973	26,451
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation:						
At 1 October 2008	-	379	2,231	2,706	-	5,316
Charge for the year	-	191	476	682	137	1,486
Disposals	-	-	(376)	-	-	(376)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 September 2009	-	570	2,331	3,388	137	6,426
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value:						
At 30 September 2009	4,908	716	1,485	1,080	11,836	20,025
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 September 2008	7,449	723	2,058	1,580	-	11,810
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The historical cost of freehold properties at the year end was £ 4,436,367. The properties were revalued to open market value by independent professional advisers, ML Surveyors LLP, as at 30th September 2009.

£ 2,011,489 of the reduction in value relates to previously revalued properties and has been deducted from the revaluation reserve. £ 529,617 relates to properties where the market value is lower than cost and this deficit has been treated as a recognised loss in the year.

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

10. TANGIBLE FIXED ASSETS (continued)

<i>Company</i>	Land & buildings		Motor	Furniture,	Total
	Freehold	Short leasehold	vehicles	fixtures & office equipment	
	£000's	£000's	£000's	£000's	£000's
Cost or valuation:					
At 1 October 2008	3,387	1,102	173	4,191	8,853
Additions	-	184	-	179	363
Disposals	-	-	(33)	-	(33)
Revaluation in year	(1,245)	-	-	-	(1,245)
	<u>2,142</u>	<u>1,286</u>	<u>140</u>	<u>4,370</u>	<u>7,938</u>
Depreciation:					
At 1 October 2008	-	379	111	2,655	3,145
Charge for the year	-	191	20	653	864
Disposals	-	-	(20)	-	(20)
	<u>-</u>	<u>570</u>	<u>111</u>	<u>3,308</u>	<u>3,989</u>
Net book value:					
At 30 September 2009	<u>2,142</u>	<u>716</u>	<u>29</u>	<u>1,062</u>	<u>3,949</u>
At 30 September 2008	<u>3,387</u>	<u>723</u>	<u>62</u>	<u>1,536</u>	<u>5,708</u>

The historical cost of freehold properties at the year end was £ 1,516,705. The properties were revalued to open market value by independent professional advisers, ML Surveyors LLP, as at 30th September 2009.

The reduction in value relates of £ 1,244,886 to previously revalued properties and has been deducted from the revaluation reserve.

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

11. INVESTMENTS

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 £501,015 (2008: £501,014). All of the subsidiary companies are included in the consolidated financial statements of Arun Estate Agencies Limited.

Name:	Principal activity:
Anderson & Associates Limited	Chartered Surveyors
Arun Leasing Company Limited	Leasing
Arun Property Investments Limited	Property investment
Arun Developments Limited	Property development
Home in One Financial Services Limited	Financial services compliance
Rooney Air Limited	Air charter

With the exception of Arun Developments Limited all subsidiary companies have year ends of 30 September 2009 and are included in the consolidated financial statements based on audited financial statements to that date.

Arun Developments Limited has a year end of 31 December. Its results are included in the consolidated financial statements based on audited financial statements to 31 December 2008 and audited management accounts for the nine months ended 30 September 2009.

12. STOCK

	<i>Group</i> £000's	<i>Company</i> £000's	30.09.08 <i>Group</i> £000's	30.09.08 <i>Company</i> £000's
Stock of development land and buildings for resale	294	-	283	-

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

13. DEBTORS

			30.09.08	30.09.08
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£000's	£000's	£000's	£000's
Trade debtors	3,962	3,479	2,491	2,352
Amounts owed by subsidiary undertakings	-	4,469	-	2,738
Corporation tax debtor	-	-	45	45
Other debtors	367	226	264	256
Prepayments and accrued income	1,096	919	994	911
Deferred tax asset	761	728	616	611
	<u>6,186</u>	<u>9,821</u>	<u>4,410</u>	<u>6,913</u>

14. CREDITORS: Amounts falling due within one year

			30.09.08	30.09.08
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£000's	£000's	£000's	£000's
Loans (secured) (see note 15)	27	-	47	-
Trade creditors	572	377	221	212
Current corporation tax	895	700	291	-
Other taxes and social security costs	2,125	1,985	1,042	906
Other creditors	229	125	157	124
Accruals and deferred income	4,275	4,140	3,199	3,163
Amount owed to group undertakings	-	1,689	-	1,600
Dividends	350	350	-	-
	<u>8,473</u>	<u>9,366</u>	<u>4,957</u>	<u>6,005</u>

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

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

			30.09.08	30.09.08
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£000's	£000's	£000's	£000's
Loans	14,494	-	28	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Debt is analysed by maturity below:				
Between one and two years	4,844	-	28	-
Between two and five years	9,650	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Repayable after more than one year	14,494	-	28	-
Repayable within one year	27	-	47	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total debt	14,521	-	75	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

16. PROVISIONS FOR LIABILITIES AND CHARGES

<i>Group</i>	£ 000's	30.09.08 £ 000's
Deferred taxation asset		
At 1 October 2008	616	384
Deferred tax credit to the profit and loss account (note 7)	145	232
	<u>761</u>	<u>616</u>
Deferred tax asset at the end of the year (note 13)		
	<u>761</u>	<u>616</u>
Other provisions		
Provision for onerous lease obligations	550	726
	<u>550</u>	<u>726</u>
<i>Company</i>		
Deferred taxation asset		
At 1 October 2008	611	376
Deferred tax credit to the profit and loss account	117	235
	<u>728</u>	<u>611</u>
Deferred tax asset at the end of the year (note 13)		
	<u>728</u>	<u>611</u>
Other provisions		
Provision for onerous lease obligations	550	726
	<u>550</u>	<u>726</u>

£ 572,000 (2008: £445,000) of the deferred tax balance related to a deferred tax credit on the employee benefit trust charged in the profit and loss account. The balance relates to timing differences on capital allowances.

The deferred tax asset is included within debtors.

17. SHARE CAPITAL

<i>Group and company</i>	£000's	30.09.08 £000's
Authorised:		
1,100 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>
Allotted and fully paid:		
1,052 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<i>Group</i> £000's	<i>Company</i> £000's
Opening shareholders funds	15,003	10,604
Profit for the financial year	1,742	4,957
Deficit on revaluation of freehold properties	(2,011)	(1,245)
Dividends	(1,000)	(1,000)
	<hr/>	<hr/>
Closing shareholders' funds	13,734	13,316
	<hr/>	<hr/>

19. RESERVES

	Revaluation reserve £000's	Capital Redemption & reserve £000's	Profit & loss account £000's	Total £000's
<i>Group</i>				
At 1 October 2008	3,013	563	11,426	15,002
Profit for the financial year	-	-	1,742	1,742
Deficit on revaluation of freehold properties	(2,011)	-	-	(2,011)
Equity dividends on ordinary shares	-	-	(1,000)	(1,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 September 2009	1,002	563	12,168	13,733
	<hr/>	<hr/>	<hr/>	<hr/>

	Revaluation reserve £000's	Capital redemption reserve £000's	Profit & loss account £000's	Total £000's
<i>Company</i>				
At 1 October 2008	1,870	8	8,725	10,603
Profit for the financial year	-	-	4,957	4,957
Deficit on revaluation of freehold properties	(1,245)	-	-	(1,245)
Equity dividends on ordinary shares	-	-	(1,000)	(1,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 September 2009	625	8	12,682	13,315
	<hr/>	<hr/>	<hr/>	<hr/>

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

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

	Period ended 30.09.08	
	£000's	£000's
Operating profit	2,792	6,502
Depreciation of tangible fixed assets	1,486	2,506
Profit on disposal of tangible fixed assets	(7)	(146)
Amortisation of Goodwill	30	-
Deficit on revaluation of freehold properties	530	-
Exchange loss on long term loans	399	-
Increase in stock	(11)	(5)
(Increase)/decrease in debtors	(1,242)	1,505
Increase/ (decrease)in creditors	2,412	(798)
(Decrease)/Increase in provisions	(176)	726
	<hr/>	<hr/>
Net cash inflow from operating activities	6,213	10,290
	<hr/>	<hr/>

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Period ended 30.09.08		
	£000's	£000's	£000's
Increase/(decrease) in cash in the year		4,776	(8,842)
Term loans repaid	48		68
Debt arising on acquisition of subsidiary	(11,510)		-
Exchange loss on long term loans	(399)		-
Further loans from director	(2,585)		-
	<hr/>		<hr/>
(Increase)/decrease in debt in the year		(14,446)	68
		<hr/>	<hr/>
Change in net funds		(9,670)	(8,774)
Net funds at 1 October 2008		4,136	12,910
		<hr/>	<hr/>
Net funds at 30 September 2009		(5,534)	4,136
		<hr/>	<hr/>

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

22. ANALYSIS OF CHANGES IN NET FUNDS

	2008 £000's	Acquisition £000's	Non-cash changes £000's	Cash flow £000's	2009 £000's
Cash at bank and in hand	4,211	-	-	4,776	8,987
Debt due within one year	(47)	-	-	20	(27)
Debt due after one year	(28)	(11,510)	(399)	(2,557)	(14,494)
	<u>4,136</u>	<u>(11,510)</u>	<u>(399)</u>	<u>2,239</u>	<u>5,534</u>

Details of the acquisition are given in note 8 to the financial statements. Cash flows reflect only those items arising in the period from acquisition to the end of the financial year.

Non-cash changes relate to exchange losses on long term loans.

23. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2009 the group was committed to making the following payments under non-cancellable operating leases in the year to 30 September 2010.

	£000's	30.09.08 £000's
Land and buildings leases expiring:		
Within one year	366	598
Between two and five years	788	647
After five years	1,593	1,719
	<u>2,747</u>	<u>2,964</u>

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2009 (continued)

24. RELATED PARTY DISCLOSURES

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

Group and company

Transactions with related parties

	Period ended 30.09.08	
	£000's	£000's
Rent and associated charges payable to P A Rooney	840	996
	<u> </u>	<u> </u>

Amounts owed to related parties

PA Rooney (see note 15)	14,494	-
	<u> </u>	<u> </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.