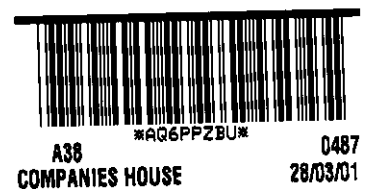


ARUN ESTATE AGENCIES LIMITED  
REPORT AND CONSOLIDATED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2000

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 consolidated accounts of the company for the year ended 31 March 2000.

**Statement of directors' responsibilities**

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts 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 for the year are set out on page 5 of the consolidated accounts.

The directors do not recommend the payment of a dividend on equity shares and 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 and management of letting of properties, together with chartered surveying and financial services.

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

**Business review and future developments**

The group made a profit of £4,773,000 in the year due mainly to the continued profitability of the estate agency business, although unfortunately the surveying business suffered a loss for the year. Since the year end, corrective measures have been undertaken to address the surveying business' performance. However, the group's trading since the year end has been adversely affected by the change within the insurance market as outlined in note 2 of the accounts. Despite the above, the directors are hopeful that the group will make a small profit in the year to 31 March 2001.

**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.

**Directors and their interests**

The directors of the parent company at 31 March 2000 are shown above.

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

	At 31 March 2000	At 1 April 1999
	Ordinary shares of £1 each	
P A Rooney	<u>1,050</u>	<u>1,050</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 10 to the accounts.

In the opinion of the directors, the market value of freehold land and buildings is not significantly different to their carrying value in the accounts.

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

**Auditors**

Warrener Stewart, Chartered Accountants, of Harwood House, 43 Harwood Road, London, SW6 4QP will continue in office as auditors of the company.

On behalf of the Board

C A Coxon ..... *CA Coxon* .....

28 February 2001

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

We have audited the accounts on pages 5 to 24 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

**Respective responsibilities of directors and auditors**

As described on page 1, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion, the accounts give a true and fair view of the state of affairs of the company and the group as at 31 March 2000, 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*

**WARRENER STEWART**

**Chartered Accountants and Registered Auditors**

Harwood House  
43 Harwood Road  
London  
SW6 4QP

Date ..... *1<sup>st</sup> March 2001* .....

**ARUN ESTATE AGENCIES LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
For year ended 31 March 2000

	Notes	£000's	1999 As restated £000's
Turnover	3	34,648	27,943
Operating charges	4	29,706	25,299
		<hr/>	<hr/>
Operating profit		4,942	2,644
Interest receivable	6	209	225
		<hr/>	<hr/>
		5,151	2,869
Interest payable	7	378	534
		<hr/>	<hr/>
Profit on ordinary activities before taxation		4,773	2,335
Tax on profit on ordinary activities	8	86	7
		<hr/>	<hr/>
Profit on ordinary activities after taxation for the financial year		4,687	2,328
Dividends paid (non equity)	9	1,742	-
		<hr/>	<hr/>
Retained profit on ordinary activities for the financial year		<u>£ 2,945</u>	<u>£ 2,328</u>

The results detailed above are derived wholly from continuing operations.

The attached notes 1 to 22 form a part of these accounts.

**ARUN ESTATE AGENCIES LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
For year ended 31 March 2000

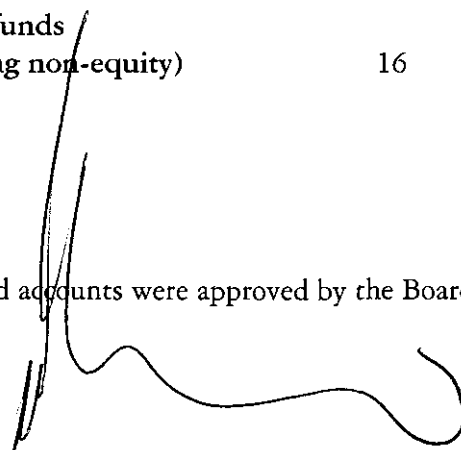
	Notes	£000's	1999 As restated £000's
Profit for the financial year		4,687	2,328
Prior period adjustment	2	(4,326)	-
		<u>          </u>	<u>          </u>
<b>Total recognised gains and losses since last annual report</b>		<b>£ 361</b>	<b>£ 2,328</b>
		<u>          </u>	<u>          </u>

The attached notes 1 to 22 form a part of these accounts.

**ARUN ESTATE AGENCIES LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2000**

	Notes	£000's	£000's	1999 As restated £000's
<b>Fixed assets</b>				
Tangible assets	10		7,537	5,722
				<u>          </u>
<b>Current assets</b>				
Debtors	12	6,064		4,258
Cash at bank and in hand		549		2,527
		<u>          </u>		<u>          </u>
		6,613		6,785
<b>Creditors: Amounts falling due within one year</b>	13	7,457		7,411
		<u>          </u>		<u>          </u>
<b>Net current liabilities</b>			(844)	(626)
			<u>          </u>	<u>          </u>
<b>Total assets less current liabilities</b>			6,693	5,096
<b>Creditors: Amounts falling due after more than one year</b>	14		7,645	7,293
			<u>          </u>	<u>          </u>
			£ (952)	£ (2,197)
			<u>          </u>	<u>          </u>
<b>Capital and reserves</b>				
Called up share capital	15		1	1,701
Profit and loss account	17		(1,516)	(4,453)
Capital reserve	17		555	555
Capital redemption reserve	17		8	-
			<u>          </u>	<u>          </u>
<b>Shareholders' funds</b>				
(1999: including non-equity)	16		£ (952)	£ (2,197)
			<u>          </u>	<u>          </u>

The consolidated accounts were approved by the Board on 28 February 2001 and signed on its behalf by

  
P A Rooney .....  
Director

The attached notes 1 to 22 form a part of these accounts.



**ARUN ESTATE AGENCIES LIMITED**  
**COMPANY BALANCE SHEET AS AT 31 MARCH 2000**

	Notes	£000's	£000's	1999 As restated £000's
<b>Fixed assets</b>				
Tangible assets	10		3,759	3,662
Investments	11		1	1
			<u>3,760</u>	<u>3,663</u>
<b>Current assets</b>				
Debtors	12	6,534		3,963
Cash at bank and in hand		-		1,282
		<u>6,534</u>		<u>5,245</u>
<b>Creditors: Amounts falling due within one year</b>	13	5,960		5,341
		<u>5,960</u>		<u>5,341</u>
<b>Net current assets/(liabilities)</b>			574	(96)
			<u>574</u>	<u>(96)</u>
<b>Total assets less current liabilities</b>			4,334	3,567
			<u>4,334</u>	<u>3,567</u>
<b>Creditors: Amounts falling due after more than one year</b>	14		6,216	5,480
			<u>6,216</u>	<u>5,480</u>
			£ (1,882)	£ (1,913)
			<u>£ (1,882)</u>	<u>£ (1,913)</u>
<b>Capital and reserves</b>				
Called up share capital	15		1	1,701
Profit and loss account	17		(1,891)	(3,614)
Capital redemption reserve	17		8	-
			<u>1</u>	<u>-</u>
<b>Shareholders' funds (1999: including non-equity)</b>	16		£ (1,882)	£ (1,913)
			<u>£ (1,882)</u>	<u>£ (1,913)</u>

The accounts were approved by the Board on 28 February 2001 and signed on its behalf by

P A Rooney .....  
 Director

The attached notes 1 to 22 form a part of these accounts.

**ARUN ESTATE AGENCIES LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
For the year ended 31 March 2000

	Notes	£000's	£000's	1999 As restated £000's
Net cash inflow from operating activities	18		4,585	<u>2,651</u>
Servicing of finance less returns on investments				
Dividend paid		(1,742)		-
Interest received		209		225
Interest paid		(378)		(534)
		<u></u>		<u></u>
Net cash outflow from servicing of finance less returns on investments			(1,911)	(309)
Taxation paid			(750)	(50)
			<u></u>	<u></u>
			1,924	2,292
Investing activities				
Payments to acquire tangible fixed assets		(2,624)		(1,788)
Receipts from sales of tangible fixed assets		232		129
		<u></u>		<u></u>
Net cash outflow from investing activities			(2,392)	(1,659)
Net cash (outflow)/inflow before financing			(468)	633
Financing				
Redemption of preference share capital		(1,700)		-
Loans advanced from financial institution		4,942		-
Loans repaid to financial institution		(4,937)		(1,000)
Loans from banks		156		400
Net hire purchase advances		29		84
		<u></u>		<u></u>
			(1,510)	(516)
(Decrease)/increase in cash and cash equivalents			<u>£ (1,978)</u>	<u>£ 117</u>

The attached notes 1 to 22 form a part of these accounts.

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
For the year ended 31 March 2000

**1. ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the accounts:

**Accounting convention**

The accounts 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 accounts.

**Basis of consolidation**

The group accounts consolidate the accounts of the company and its subsidiary undertakings as at 31 March 2000 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 accounts 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.

**Turnover**

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

Commissions received on endowment policies and other life products are treated as deferred income and released to the profit and loss account over 38 months from the date of inception of the policy on a straight line basis.

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

Turnover from professional services represents invoiced sales less returns.

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
For the year ended 31 March 2000 (continued)

**1. ACCOUNTING POLICIES (continued)**

**Deferred expenditure**

Commissions payable to staff on the sale of endowment and other life products are treated as a prepaid cost and charged to the profit and loss account over 38 months from the date of inception of the policy on a straight line basis.

**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	- 15% to 50% on cost

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

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.

**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.

**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.

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
For the year ended 31 March 2000 (continued)

**2. PRIOR PERIOD ADJUSTMENT**

During the year under review, the directors changed the accounting policy in respect of income recognition of commissions earned on endowments and other life products. In the past, with a consistent level of financial services revenue, commissions were credited to the profit and loss account on a received basis as this policy was considered to be the most appropriate at the time. The insurance market is changing and the life company to whom we are currently tied under section 44 of the Financial Services Act 1986, announced a review of its past endowment sales and withdrew from that endowment market on the 17 July 2000. Taking all these factors into account the directors have undertaken a review of the basis of accounting for these products. Following this review, the directors are of the opinion that there is likely to be a high level of uncertainty about the level of future income streams as well as an increase in the incidence of lapsed policies.

As a result of the above, the group's accounting policy has been changed to recognising commissions on a straight line basis over the first 38 months of each policy, because this is the period during which commissions received on inception of substantially all policies can be clawed back by the insurance company, on a time apportioned basis should the policy lapse. Similarly, commissions paid on the sale of policies are now charged to the profit and loss account over the first 38 months.

The prior year adjustment is made up as follows:

	£000's	£000's
Reduction in turnover for the period ended 31 March 1998 and earlier		5,527
Reduction in turnover for the year ended 31 March 1999		103
		<hr/>
		5,630
Reduction in staff costs for the period ended 31 March 1998 and earlier	930	
Reduction in staff costs for the period ended 31 March 1999	17	
	<hr/>	
		(947)
		<hr/>
		4,683
Tax effect of the above		(357)
		<hr/>
Reduction in reserves at 1 April 1999		£ 4,326
		<hr/>

The impact of the change of accounting policy on the results of the group is set out below:

	£000's	1999 £000's
Increase/(reduction) in turnover	280	(103)
Increase in post tax profits	1,336	266
	<hr/>	<hr/>

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
For the year ended 31 March 2000 (continued)

**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**

		1999 As restated
	£000's	£000's
Staff costs	19,024	16,144
Depreciation of tangible fixed assets		
- owned	444	249
- held under hire purchase agreements	259	276
Other operating charges	7,621	6,163
Auditors' remuneration		
- for audit services	30	26
- for other services	17	9
Rental of land and buildings	1,944	2,098
Hire of equipment	367	334
	<u>£ 29,706</u>	<u>£ 25,299</u>

**5. EMPLOYEES INCLUDING DIRECTORS**

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

	No.	No.
Operations, including branch staff	858	796
Administration and management	48	45
	<u>906</u>	<u>841</u>

The costs in respect of these employees were:

	£000's	£000's As restated
Wages and salaries	17,163	14,266
Social security costs	1,632	1,360
Pension costs	229	518
	<u>£ 19,024</u>	<u>£ 16,144</u>

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
For the year ended 31 March 2000 (continued)

**5. EMPLOYEES INCLUDING DIRECTORS (continued)**

	£000's	1999 £000's
--	--------	----------------

Directors emoluments are made up as follows:

Aggregate emoluments (including benefits in kind)	446	360
Company pension contributions	63	379
	<u>          </u>	<u>          </u>
	£ 509	£ 739
	<u>          </u>	<u>          </u>

Highest paid director:

Aggregate emoluments (including benefits in kind)	190	150
Company pension contributions	44	359
	<u>          </u>	<u>          </u>
	£ 234	£ 509
	<u>          </u>	<u>          </u>

The number of directors accruing benefits under a money purchase pension scheme during the year was 4 (1999: 4).

**6. INTEREST RECEIVABLE**

On bank deposits	202	224
Other interest	7	1
	<u>          </u>	<u>          </u>
	£ 209	£ 225
	<u>          </u>	<u>          </u>

**7. INTEREST PAYABLE**

Interest on loans and overdrafts	288	425
Finance charges under hire purchase contracts	90	97
Other interest	-	12
	<u>          </u>	<u>          </u>
	£ 378	£ 534
	<u>          </u>	<u>          </u>

ARUN ESTATE AGENCIES LIMITED  
NOTES TO THE CONSOLIDATED ACCOUNTS  
For the year ended 31 March 2000 (continued)

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

Based on the group profit for the year:

	£000's	As restated £000's
UK corporation tax at 31% (1999: 32.6%)	88	7
Underprovision in prior period	(2)	-
	<hr/>	<hr/>
	£ 86	£ 7
	<hr/>	<hr/>

The tax charge is affected by the prior period adjustment, full details of which are given in note 2 to the accounts.

9. DIVIDENDS

On 23<sup>rd</sup> December 1999 the company settled the arrears of dividends on its cumulative redeemable preference shares of £1,742,500 (see also note 15 below).



**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
For the year ended 31 March 2000 (continued)

**10. 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 1999	2,185	324	3,196	2,469	8,174
Additions	1,137	132	906	450	2,625
Disposals	(50)	-	(422)	-	(472)
Reclassification	-	8	-	(8)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2000	3,272	464	3,680	2,911	10,327
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation:</b>					
At 1 April 1999	-	62	1,147	1,243	2,452
Charge for the year	-	43	449	211	703
Disposals	-	-	(365)	-	(365)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2000	-	105	1,231	1,454	2,790
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value:</b>					
At 31 March 2000	<u>£ 3,272</u>	<u>£ 359</u>	<u>£ 2,449</u>	<u>£ 1,457</u>	<u>£ 7,537</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1999	<u>£ 2,185</u>	<u>£ 262</u>	<u>£ 2,049</u>	<u>£ 1,226</u>	<u>£ 5,722</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of the tangible fixed assets includes £1,827,000 (1999: £1,866,000) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £259,000 (1999: £276,000).

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
For the year ended 31 March 2000 (continued)

**10. 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 1999	1,557	320	1,749	1,966	5,592
Additions	12	105	97	338	552
Disposals	(50)	-	(379)	-	(429)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2000	1,519	425	1,467	2,304	5,715
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation:</b>					
At 1 April 1999	-	63	924	943	1,930
Charge for the year	-	40	220	113	373
Disposals	-	-	(347)	-	(347)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2000	-	103	797	1,056	1,956
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value:</b>					
At 31 March 2000	£ 1,519	£ 322	£ 670	£ 1,248	£ 3,759
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1999	£ 1,557	£ 257	£ 825	£ 1,023	£ 3,662
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes £45,000 (1999: £634,000) in respect of assets held under hire purchase contracts. The depreciation charged in the year in respect of these assets amounts to £31,000 (1999: £141,000).

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
For the year ended 31 March 2000 (continued)

**11. 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 accounts at their cost of £1,005. During the year the company also acquired a £1 preference share in DAS Holdings Limited.

<b>Name:</b>	<b>Principal activity:</b>
D.A.S. Holdings Limited	Estate agency
Anderson & Associates Limited	Chartered Surveyors
Arun Leasing Company Limited	Leasing
Arun Property Investments Limited	Property ownership

	2000	2000	1999	1999
	<i>Group</i>	<i>Company</i>	As restated <i>Group</i>	<i>Company</i>
<b>12. DEBTORS</b>	£000's	£000's	£000's	£000's
Trade debtors	3,000	1,925	2,279	1,146
Amounts owed by subsidiary undertakings	-	2,129	-	1,412
Corporation tax recoverable	674	668	-	-
Other debtors	565	519	209	162
Prepayments and accrued income	1,825	1,293	1,770	1,243
	<u>£ 6,064</u>	<u>£ 6,534</u>	<u>£ 4,258</u>	<u>£ 3,963</u>
Prepayments and accrued income include the following amounts falling due after more than one year	£ 591	£ 510	£ 470	£ 350
	<u></u>	<u></u>	<u></u>	<u></u>

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
For the year ended 31 March 2000 (continued)

**13. CREDITORS: Amounts falling due within one year**

	2000	2000	1999	1999
	<i>Group</i>	<i>Company</i>	As restated <i>Group</i>	<i>Company</i>
	£000's	£000's	£000's	£000's
Amortised loan (see note 14)	575	575	-	-
Debenture loans (see note 14)	-	-	610	500
Bank loans (secured)	40	-	40	-
Bank overdrafts (unsecured)	-	527	-	-
Obligations under hire purchase contracts	620	17	596	130
Trade creditors	565	457	580	326
Current corporation tax	4	-	7	-
Other taxes and social security costs	1,246	839	1,031	671
Other creditors	223	203	54	32
Accruals and deferred income	4,174	3,342	4,493	3,682
	<u>£ 7,447</u>	<u>£ 5,960</u>	<u>£ 7,411</u>	<u>£ 5,341</u>

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

Amortised loan	2,867	2,867	-	-
Debenture loans	1,500	1,500	4,327	3,785
Bank loans (secured)	516	-	360	-
Obligations under hire purchase contracts	499	1	494	10
Accruals and deferred income	2,263	1,848	2,112	1,685
	<u>£ 7,645</u>	<u>£ 6,216</u>	<u>£ 7,293</u>	<u>£ 5,480</u>

Debt is analysed by maturity below:

Between one and two years	988	576	1,079	510
Between two and five years	2,010	1,725	1,310	1,000
After five years	2,384	2,067	2,792	2,285
	<u></u>	<u></u>	<u></u>	<u></u>
Repayable after more than one year	5,382	4,368	5,181	3,795
Repayable within one year	1,235	592	1,246	630
	<u></u>	<u></u>	<u></u>	<u></u>
Total debt	<u>£ 6,617</u>	<u>£ 4,960</u>	<u>£ 6,427</u>	<u>£ 4,425</u>

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
For the year ended 31 March 2000 (continued)

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

On 20 January 2000, the group repaid its debenture loans and new loan facilities were granted as follows:

- (i) An amortised loan facility of £3,442,500 was advanced to the company by a financial institution. This loan, which does not bear interest, is being amortised by the lender over the five years to 31 December 2005, in proportion to the volumes of Annual Premium Income placed with it by the company.

The amortised loan is secured by way of a guarantee given by P A Rooney, one of the company's directors.

- (ii) A flexible loan facility of £2million was also advanced to the company. The balance owed under this facility at 31 March 2000 was £1.5million.

After consulting with the lender, the directors consider that the facility will be available to the company on a long term basis and the entire balance is therefore included within creditors falling due after more than one year.

The loan is secured by legal charges over certain of the company's freehold properties and attracts interest at varying rates linked to the base rate of National Westminster Bank Plc.

The debenture loans at 31 March 1999 were secured by way of a legal mortgage over the assets of the group and the company, including its freehold and leasehold properties and attracted interest at the varying rates linked to the base rate of National Westminster Bank Plc.

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

**15. SHARE CAPITAL**

	1999	
<i>Group and company</i>	£000's	£000's
<b>Authorised:</b>		
Ordinary shares of £1 each	1	1
Cumulative 15% redeemable preference shares of £1 each	-	1,700
	<hr/>	<hr/>
	£ 1	£ 1,701
	<hr/>	<hr/>

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
For the year ended 31 March 2000 (continued)

**15. SHARE CAPITAL (continued)**

	Allotted and fully paid 1999	
	£000's	£000's
<b>Equity interests</b>		
1,050 ordinary shares of £1 each	1	1
<b>Non-equity shares</b>		
1,700,000 cumulative 15% preference shares of £1 each	-	1,700
	<u>£ 1</u>	<u>£ 1,701</u>

On 23 December 1999 the company redeemed the cumulative 15% preference shares at par. The redemption was made from available reserves of £8,341 (based on accounts drawn up for the purpose of determining the level of dividends payable and the amount of permissible capital payment), with the remaining £1,691,659 representing a capital reduction in accordance with section 173 (5) of the Companies Act 1985.

**16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<i>Group</i> £000's	<i>Company</i> £000's
Opening shareholders' funds, as previously stated	2,129	1,578
Prior period adjustment (see note 2)	(4,326)	(3,491)
	<u>(2,197)</u>	<u>(1,913)</u>
Opening shareholders funds, as restated	(2,197)	(1,913)
Redemption of share capital	(1,700)	(1,700)
Profit for the year	4,687	3,473
Dividends	(1,742)	(1,742)
	<u>£ (952)</u>	<u>£ (1,882)</u>

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
For the year ended 31 March 2000 (continued)

17. RESERVES	Capital reserve	Capital redemption reserve	Profit & loss account	Total
<i>Group</i>	£000's	£000's	£000's	£000's
At 1 April 1999	555	-	(127)	428
Prior year adjustment (see note 2)	-	-	(4,326)	(4,326)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 1999, as restated	555	-	(4,453)	(3,898)
Profit for the year	-	-	4,687	4,687
Dividends	-	-	(1,742)	(1,742)
Transfer to capital redemption reserve	-	8	(8)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 March 2000	£ 555	£ 8	£ (1,516)	£ (953)
	<hr/>	<hr/>	<hr/>	<hr/>
		Capital redemption reserve	Profit & loss account	Total
		£000's	£000's	£000's
<i>Company</i>				
At 1 April 1999		-	(123)	(123)
Prior period adjustment (see note 2)		-	(3,491)	(3,491)
		<hr/>	<hr/>	<hr/>
At 1 April 1999, as restated		-	(3,614)	(3,614)
Profit for the year		-	3,473	3,473
Dividends		-	(1,742)	(1,742)
Transfer to capital redemption reserve		8	(8)	-
		<hr/>	<hr/>	<hr/>
Balance as at 31 March 2000		£ 8	£ (1,891)	£ (1,883)
		<hr/>	<hr/>	<hr/>

**18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1999 As restated £000's	£000's
Operating profit	2,644	4,942
Depreciation of tangible fixed assets	525	703
Profit on disposal of tangible fixed assets	(82)	(137)
Increase in debtors	(591)	(1,132)
Increase in creditors	155	209
	<hr/>	<hr/>
	£ 2,651	£ 4,585
	<hr/>	<hr/>

**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
For the year ended 31 March 2000 (continued)

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

	£000's	£000's	1999 £000's
(Decrease)/increase in cash in the year		(1,978)	117
Term loans repaid	40		-
Term loans advanced	(196)		(400)
Debenture loans repaid	4,937		1,000
Debenture loan advanced	(1,500)		-
Net hire purchase advances	(29)		(84)
Amortised loan advances	(3,442)		-
(Increase)/decrease in debt in the year		(190)	516
Change in net debt		(2,168)	633
Net debt at 1 April 1999		(3,900)	(4,533)
Net debt at 31 March 2000		£ (6,068)	£ (3,900)

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

	At 31.3.1999	Cash flow	At 31.3.2000
	£000's	£000's	£000's
Cash at bank and in hand	2,527	(1,978)	549
Debt due within one year	(1,246)	11	(1,235)
Debt due after one year	(5,181)	(201)	(5,382)
Total net debt	£ ( 3,900)	£ (2,168)	£ (6,068)

**21. COMMITMENTS UNDER OPERATING LEASES**

At 31 March 2000, the group had annual commitments under non-cancellable operating leases as follows:

	£000's	1999 £000's
<b>Equipment and vehicle leases expiring:</b>		
Within one year	71	117
Between two and five years	10	146
	£ 81	£ 263



**ARUN ESTATE AGENCIES LIMITED**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
For the year ended 31 March 2000 (continued)

		1999
21. COMMITMENTS UNDER OPERATING LEASES (continued)		
	£	£
Land and buildings leases expiring:		
Within one year	363	294
Between two and five years	410	397
After five years	1,508	1,501
	<u>£ 2,281</u>	<u>£ 2,192</u>

The group had capital commitments of £55,000 at 31 March 2000 (31 March 1999: £nil).

**22. 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	1999 £000's
Debtor balances		
P A Rooney	£ 22	£ -
	<u>£ 22</u>	<u>£ -</u>

**Transactions with related parties**

Rent and associated charges payable to P A Rooney	£ 317	£ 164
	<u>£ 317</u>	<u>£ 164</u>

**Nature of relationships and control**

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