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ARUN ESTATE AGENCIES LIMITED
REPORT AND CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1999

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: 5 East Street, Horsham, West Sussex, RH12 1HH

Registered number: 2597969

The directors present their report together with the consolidated accounts of the company for the year ended 31 March 1999.

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, 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 stable housing market in the South East during the year under review led to a group profit before taxation of £2,420,000 (15 months to 31 March 1998: £2,793,000).

Overall the estate agency business of the group (Arun Estate Agencies and D.A.S. Holdings) showed a slight fall in sales over an equivalent 12 month period but still contributed in excess of £2 million to the group.

Anderson & Associates Limited, the professional services subsidiary, has continued its policy of expansion taking the total number of offices to 54. The company has made substantial progress towards its aim of establishing a national network.

The improved market conditions in 1999 lead the directors to be confident about the continued profitability of the group.

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 1999 are shown above.

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

	At 31 March 1999	At 1 April 1998
	Ordinary shares of £1 each	
P A Rooney	1,050	1,049
	<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 notes 9 and 10 to the accounts.

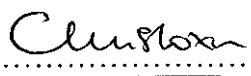
In the opinion of the directors, the market value of freehold land and buildings is not significantly different to their carrying value in the accounts.

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 

Date 24th August 1999

AUDITORS' REPORT TO THE SHAREHOLDERS OF ARUN ESTATE AGENCIES LIMITED

We have audited the accounts on pages 5 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

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 1999, 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 24th August 1999

ARUN ESTATE AGENCIES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
For year ended 31 March 1999

	Notes	£000's	1998 (15 months) £000's
Turnover	2	28,045	32,858
Operating charges	4	25,316	29,539
Operating profit		<u>2,729</u>	<u>3,319</u>
Interest receivable	6	225	216
		<u>2,954</u>	<u>3,535</u>
Interest payable	7	534	742
Profit on ordinary activities before taxation		<u>2,420</u>	<u>2,793</u>
Tax on profit on ordinary activities	8	365	50
Profit on ordinary activities after taxation for the financial year		<u><u>£ 2,055</u></u>	<u><u>£ 2,743</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 financial year.

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

ARUN ESTATE AGENCIES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 1999

			1998	
	Notes	£000's	£000's	£000's
Fixed assets				
Tangible assets	9		5,722	4,506
Current assets				
Debtors	11	3,310		2,736
Cash at bank and in hand		2,527		2,410
		<u>5,837</u>		<u>5,146</u>
Creditors: Amounts falling due within one year	12	<u>4,249</u>		<u>4,080</u>
Net current assets			1,588	1,066
Total assets less current liabilities			7,310	5,572
Creditors: Amounts falling due after more than one year	13		5,181	5,498
			<u>£ 2,129</u>	<u>£ 74</u>
Capital and reserves				
Called up share capital	14		1,701	1,701
Profit and loss account	16		(127)	(2,182)
Capital reserve	16		555	555
Shareholders' funds - including non-equity	15		<u>£ 2,129</u>	<u>£ 74</u>

The consolidated accounts were approved by the Board on 24 August 1999 and signed on its behalf by

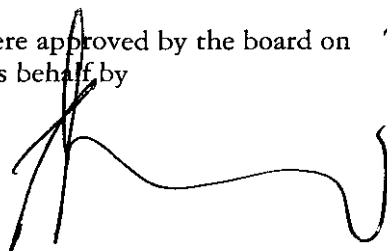
P A Rooney
 Director

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

ARUN ESTATE AGENCIES LIMITED
COMPANY BALANCE SHEET AS AT 31 MARCH 1999

			1998	
	Notes	£000's	£000's	£000's
Fixed assets				
Tangible assets	9	3,662	3,662	3,589
Investments	10	1	1	-
			<u>3,663</u>	<u>3,589</u>
Current assets				
Debtors	11	3,185	3,185	2,609
Cash at bank and in hand		1,282	1,282	1,369
		<u>4,467</u>		<u>3,978</u>
Creditors: Amounts falling due within one year	12	<u>2,757</u>		<u>3,089</u>
Net current assets			<u>1,710</u>	<u>889</u>
Total assets less current liabilities			<u>5,373</u>	<u>4,478</u>
Creditors: Amounts falling due after more than one year	13		<u>3,795</u>	<u>4,416</u>
			<u>£ 1,578</u>	<u>£ 62</u>
Capital and reserves				
Called up share capital	14	1,701	1,701	1,701
Profit and loss account	16	(123)	(123)	(1,639)
Shareholders' funds - including non-equity	15		<u>£ 1,578</u>	<u>£ 62</u>

The accounts were approved by the board on 24 August 1999 1999
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 1999

	Notes	£000's	£000's	1998 (15 months) £000's
Net cash inflow from operating activities	17		2,651	3,123
Servicing of finance less returns on investments				
Interest received		225		216
Interest paid		(534)		(742)
		<hr/>		<hr/>
Net cashflow from servicing of finance less returns on investments			(309)	(526)
Taxation paid			(50)	(56)
			<hr/>	<hr/>
Net after tax cash inflow from revenue activities			2,292	2,541
Investing activities				
Investment in associated company		-		17
Payments to acquire tangible fixed assets		(1,788)		(2,450)
Receipts from sales of tangible fixed assets		129		83
		<hr/>		<hr/>
Net cash outflow from investing activities			(1,659)	(2,350)
			<hr/>	<hr/>
Net cash inflow before financing			633	191
Financing				
Loans repaid to financial institution			(1,000)	(860)
Loans from banks			400	-
Net hire purchase advances			84	584
			<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents			£ 117	£ (85)
			<hr/>	<hr/>

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 1999

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 1999 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.

Turnover from financial services represents commissions received, net of amounts refunded on cancellation of agreements or policies lapsed during the year. No provision is made for future refunds or lapses.

Turnover from professional services represents invoiced sales less returns.

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

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
For the year ended 31 March 1999 (continued)

1. ACCOUNTING POLICIES (continued)

Depreciation (continued)

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.

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.

3. ACQUISITION

On 22 May 1998 the group acquired a further subsidiary, Arun Property Investments Limited. The fair value of the net assets on acquisition is not material to these accounts and the business combination has been accounted for by way of acquisition accounting.

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
For the year ended 31 March 1999 (continued)

4. OPERATING CHARGES

	£000's	1998 (15 months) £000's
Staff costs	16,161	16,132
Depreciation of tangible fixed assets		
- owned	249	367
- held under hire purchase agreements	276	269
Other operating charges	6,163	10,075
Auditors' remuneration		
- for audit services	26	21
- for other services	9	10
Rental of land and buildings	2,098	2,314
Hire of equipment	334	351
	<u>£ 25,316</u>	<u>£ 29,539</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	796	747
Administration and management	45	42
	<u>841</u>	<u>789</u>

The costs in respect of these employees were:

	£000's	£000's
Wages and salaries	14,281	14,744
Social security costs	1,362	1,224
Pension costs	518	164
	<u>£ 16,161</u>	<u>£ 16,132</u>

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
For the year ended 31 March 1999 (continued)

5. EMPLOYEES INCLUDING DIRECTORS (continued)		1998 (15 months)
	£000's	£000's
Directors emoluments are made up as follows:		
Aggregate emoluments (including benefits in kind)	360	738
Company pension contributions	379	44
	<u>£ 739</u>	<u>£ 782</u>
Highest paid director:		
Aggregate emoluments	150	525
Company pension contributions	359	-
	<u>£ 509</u>	<u>£ 525</u>

The number of directors accruing benefits under a money purchase pension scheme during the year was 5 (1998: 4).

6. INTEREST RECEIVABLE

On bank deposits	224	216
Other interest	1	-
	<u>£ 225</u>	<u>£ 216</u>

7. INTEREST PAYABLE

Interest on loans and overdrafts	425	658
Finance charges under hire purchase contracts	97	84
Other interest payable	12	-
	<u>£ 534</u>	<u>£ 742</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

Based on the group profit for the year:

UK corporation tax at 31% (1998: 32.6%)	<u>£ 365</u>	<u>£ 50</u>
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ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
For the year ended 31 March 1999 (continued)

9. TANGIBLE FIXED ASSETS

<i>Group</i>	Land & buildings		Motor	Furniture, fixtures & office	
	Freehold	Short leasehold	vehicles	equipment	Total
	£000's	£000's	£000's	£000's	£000's
Cost:					
At 1 April 1998	1,553	224	2,917	2,096	6,790
Additions	632	100	683	373	1,788
Disposals	-	-	(396)	-	(396)
Balance written out of books	-	-	(8)	-	(8)
At 31 March 1999	<u>2,185</u>	<u>324</u>	<u>3,196</u>	<u>2,469</u>	<u>8,174</u>
Depreciation:					
At 1 April 1998	-	37	1,206	1,041	2,284
Charge for the year	-	25	298	202	525
Disposals	-	-	(349)	-	(349)
Balance written out of books	-	-	(8)	-	(8)
At 31 March 1999	<u>-</u>	<u>62</u>	<u>1,147</u>	<u>1,243</u>	<u>2,452</u>
Net book value:					
At 31 March 1999	<u>£ 2,185</u>	<u>£ 262</u>	<u>£ 2,049</u>	<u>£ 1,226</u>	<u>£ 5,722</u>
At 31 March 1998	<u>£ 1,553</u>	<u>£ 187</u>	<u>£ 1,711</u>	<u>£ 1,055</u>	<u>£ 4,506</u>

The net book value of the tangible fixed assets includes £1,866,000 (1998: £1,425,000) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £276,000 (1998: £269,000).

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
For the year ended 31 March 1999 (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
Cost:					
At 1 April 1998	1,553	224	2,014	1,735	5,526
Additions	4	96	97	231	428
Disposals	-	-	(362)	-	(362)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1999	<u>1,557</u>	<u>320</u>	<u>1,749</u>	<u>1,966</u>	<u>5,592</u>
Depreciation:					
At 1 April 1998	-	37	1,078	822	1,937
Charge for the year	-	26	161	121	308
Disposals	-	-	(315)	-	(315)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1999	<u>-</u>	<u>63</u>	<u>924</u>	<u>943</u>	<u>1,930</u>
Net book value:					
At 31 March 1999	<u>£ 1,557</u>	<u>£ 257</u>	<u>£ 825</u>	<u>£ 1,023</u>	<u>£ 3,662</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1998	<u>£ 1,553</u>	<u>£ 187</u>	<u>£ 936</u>	<u>£ 913</u>	<u>£ 3,589</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The net book value of tangible fixed assets includes £634,000 (1998: £644,000) in respect of assets held under hire purchase contracts. The depreciation charged in the year in respect of these assets amounts to £141,000 (1998: £218,000).

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
For the year ended 31 March 1999 (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 accounts at their cost of £1,005.

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

	1999 <i>Group</i>	1999 <i>Company</i>	1998 <i>Group</i>	1998 <i>Company</i>
11. DEBTORS	£000's	£000's	£000's	£000's
Trade debtors	2,279	1,146	1,913	1,205
Amounts owed by subsidiary undertakings	-	1,412	-	765
Other debtors	209	162	176	155
Prepayments and accrued income	822	465	647	484
	<u>£ 3,310</u>	<u>£ 3,185</u>	<u>£ 2,736</u>	<u>£ 2,609</u>

12. CREDITORS: Amounts falling due within one year

Debenture loans (see note 13)	610	500	1,000	900
Bank loans (secured)	40	-	-	-
Obligations under hire purchase contracts	596	130	445	188
Trade creditors	580	326	410	314
Current corporation tax	365	352	50	23
Other taxes and social security costs	1,031	671	1,082	740
Other creditors	54	32	34	38
Accruals and deferred income	973	746	1,059	886
	<u>£ 4,249</u>	<u>£ 2,757</u>	<u>£ 4,080</u>	<u>£ 3,089</u>

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
For the year ended 31 March 1999 (continued)

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

	1999 <i>Group</i>	1999 <i>Company</i>	1998 <i>Group</i>	1998 <i>Company</i>
	£000's	£000's	£000's	£000's
Debenture loans	4,327	3,785	4,937	4,285
Bank loans (secured)	360	-	-	-
Obligations under hire purchase contracts	494	10	561	131
	<u>£ 5,181</u>	<u>£ 3,795</u>	<u>£ 5,498</u>	<u>£ 4,416</u>

Debt is analysed by maturity below:

Between one and two years	1,079	510	1,002	631
Between two and five years	1,310	1,000	1,523	1,000
After five years	<u>2,792</u>	<u>2,285</u>	<u>2,973</u>	<u>2,785</u>
Repayable after more than one year	5,181	3,795	5,498	4,416
Repayable within one year	<u>1,246</u>	<u>630</u>	<u>1,445</u>	<u>1,088</u>
Total debt	<u>£ 6,427</u>	<u>£ 4,425</u>	<u>£ 6,943</u>	<u>£ 5,504</u>

After consulting with the lender, the directors consider that the debenture loan will be available to the company on a long term basis, with agreed repayment dates which have been reflected in the above note.

Interest is payable on the debenture loans at varying rates linked to the base rate of National Westminster Bank plc.

Security has been given on the debenture loans by way of a legal mortgage over the assets of the group and the company, including its freehold and leasehold properties.

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 ACCOUNTS
For the year ended 31 March 1999 (continued)

14. SHARE CAPITAL

	1998	
<i>Group and company</i>	£000's	£000's
Authorised:		
Ordinary shares of £1 each	1	1
Cumulative 15% preference shares of £1 each	1,700	1,700
	<u>£ 1,701</u>	<u>£ 1,701</u>
	Allotted and fully paid 1998	
	£000's	£000's
Equity interests		
1,050 ordinary shares of £1 each	1	1
Non-equity shares		
1,700,000 cumulative 15% preference shares of £1 each	1,700	1,700
	<u>£ 1,701</u>	<u>£ 1,701</u>

The cumulative preference shares are non-voting and have been classified as non-equity shares as they are redeemable. The preference shares carry rights to conversion as specified in the articles of association, which include a priority on winding up. The ordinary shares arising on such a conversion would rank pari passu with the ordinary shares then in issue.

The number of shares redeemable at the company's option by the following dates are as set out below:

Redemption date	Number of preference shares to be redeemed
25 February 1998	100,000
25 February 1999	200,000
25 February 2000	200,000
25 February 2001	1,195,000
25 February 2002	5,000

The final 5,000 shares can be redeemed only on the above date. The 100,000 shares due for redemption on 25 February 1998 and the 200,000 shares due for redemption on 25 February 1999 have yet to be redeemed as the company does not have sufficient distributable reserves.

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
For the year ended 31 March 1999 (continued)

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<i>Group</i>	<i>Company</i>
	£000's	£000's
Profit for the financial year	2,055	1,516
Opening shareholders' funds	74	62
	<hr/>	<hr/>
Closing shareholders' funds	£ 2,129	£ 1,578
	<hr/>	<hr/>

16. RESERVES

	Capital reserve	Profit & loss account	Total
<i>Group</i>	£000's	£000's	£000's
At 1 April 1998	555	(2,182)	(1,627)
Profit for the year	-	2,055	2,055
	<hr/>	<hr/>	<hr/>
Balance as at 31 March 1999	£ 555	£ (127)	£ 428
	<hr/>	<hr/>	<hr/>
		Profit & loss account	
<i>Company</i>		£000's	
At 1 April 1998		(1,639)	
Profit for the year		1,516	
		<hr/>	
Balance as at 31 March 1999		£ (123)	
		<hr/>	

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
For the year ended 31 March 1999 (continued)

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

	1998 (15 months) £000's	£000's
Operating profit	2,729	3,319
Depreciation of tangible fixed assets	525	636
Profit on disposal of tangible fixed assets	(82)	(66)
Increase in debtors	(574)	(308)
Decrease in provision against associated company	-	(6)
Increase/(decrease) in creditors	53	(452)
	<u>£ 2,651</u>	<u>£ 3,123</u>

18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1998 (15 months) £000's	£000's	£000's
Increase/(decrease) in cash in the year		117	(85)
Term loans advanced	(400)		-
Debenture loans repaid	1,000		860
Net hire purchase advances	(84)		(584)
	<u></u>	516	276
Change in net debt		633	191
Net debt at 1 April 1998		(4,533)	(4,724)
Net debt at 31 March 1999		<u>£ (3,900)</u>	<u>£ (4,533)</u>

ARUN ESTATE AGENCIES LIMITED
NOTES TO THE CONSOLIDATED ACCOUNTS
For the year ended 31 March 1999 (continued)

19. ANALYSIS OF CHANGES IN NET DEBT

	At 31.3.99	Cash flow	At 1.4.98
	£000's	£000's	£000's
Cash at bank and in hand	2,527	117	2,410
Debt due within one year	(1,246)	199	(1,445)
Debt due after one year	(5,181)	317	(5,498)
Total net debt	£ (3,900)	£ 633	£ (4,533)

20. COMMITMENTS UNDER OPERATING LEASES

At 31 March 1999, the group had annual commitments under non-cancellable operating leases as follows:

	1998 £000's	£000's
Equipment and vehicle leases expiring:		
Within one year	117	2
Between two and five years	146	280
	£ 263	£ 282
Land and buildings leases expiring:		
Within one year	294	201
Between two and five years	397	449
After five years	1,501	1,384
	£ 2,192	£ 2,034

The group had no capital commitments either at 31 March 1999 or 31 March 1998.

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21. RELATED PARTY DISCLOSURES

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

Group and company

Balances with related parties

		1998
Creditor balances	£000's	£000's
P A Rooney	£ -	£ 35
	<u> </u>	<u> </u>

Transactions with related parties

Rent and associated charges payable to P A Rooney	£ 164	£ 184
	<u> </u>	<u> </u>

In addition, a motor vehicle previously included in the accounts at a net book value of £29,615 was given to P A Rooney during the year.

P A Rooney has also given personal guarantees in respect of the group's debenture loans.

Nature of relationships and control

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

22. CONTINGENT LIABILITIES

The company has a contingent liability in respect of arrears of cumulative preference share dividends at the balance sheet date of £1,553,750 (1998: £1,298,750).

The cumulative preference share dividend not accounted for in the year ended 31 March 1999 was £255,000 (15 months to 31 March 1998: £318,750).