

ARUN PROPERTY INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019



ARUN PROPERTY INVESTMENTS LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | P A Rooney C Rooney |
| Company secretary | C A Coxon |
| Registered number | 3527607 |
| Registered office | St Leonard's House North Street Horsham West Sussex RH12 1RJ |
| Independent auditors | Warrener Stewart Chartered Accountants & Statutory Auditors Harwood House 43 Harwood Road London SW6 4QP |

ARUN PROPERTY INVESTMENTS LIMITED

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ARUN PROPERTY INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present their report and the financial statements for the year ended 30 September 2019.

Directors

The directors who served during the year were:

P A Rooney
C Rooney

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Warrener Stewart, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

ARUN PROPERTY INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



C A Coxon
Secretary

Date: 19 December 2019

ARUN PROPERTY INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARUN PROPERTY INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Arun Property Investments Limited (the 'Company') for the year ended 30 September 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

ARUN PROPERTY INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARUN PROPERTY INVESTMENTS LIMITED (CONTINUED)

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 and 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

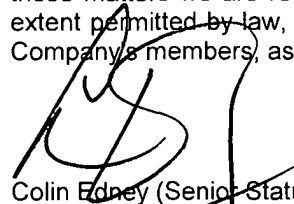
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

ARUN PROPERTY INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARUN PROPERTY INVESTMENTS LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 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 Auditors' 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.



Colin Edney (Senior Statutory Auditor)

for and on behalf of
Warrener Stewart

Chartered Accountants
Statutory Auditors

Harwood House
43 Harwood Road
London
SW6 4QP

19 December 2019

ARUN PROPERTY INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2019

| | Note | 2019 £ | 2018 £ |
|--------------------------------------|------|----------------|----------------|
| Turnover | | 250,916 | 264,071 |
| Administrative expenses | | (11,513) | (14,944) |
| Operating profit | | 239,403 | 249,127 |
| Loss on sale of tangible assets | | - | (35,000) |
| Profit before tax | | 239,403 | 214,127 |
| Tax on profit | 5 | (45,974) | 11,773 |
| Profit for the financial year | | 193,429 | 225,900 |

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 9 to 15 form part of these financial statements.

ARUN PROPERTY INVESTMENTS LIMITED

REGISTERED NUMBER:3527607

BALANCE SHEET

AS AT 30 SEPTEMBER 2019

| | Note | 2019 £ | 2018 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 3,483,153 | 3,483,153 |
| | | <u>3,483,153</u> | <u>3,483,153</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 8 | 775 | 7,158 |
| Creditors: amounts falling due within one year | 9 | (2,124,470) | (1,524,282) |
| Net current liabilities | | <u>(2,123,695)</u> | <u>(1,517,124)</u> |
| Total assets less current liabilities | | <u>1,359,458</u> | <u>1,966,029</u> |
| Provisions for liabilities | | | |
| Deferred tax | 11 | (2,000) | (2,000) |
| Net assets | | <u><u>1,357,458</u></u> | <u><u>1,964,029</u></u> |
| Capital and reserves | | | |
| Called up share capital | | 1 | 1 |
| Revaluation reserve | 12 | 987,343 | 987,343 |
| Profit and loss account | 12 | 370,114 | 976,685 |
| | | <u><u>1,357,458</u></u> | <u><u>1,964,029</u></u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....
P A Rooney
Director

Date: 19 December 2019

The notes on pages 9 to 15 form part of these financial statements.

ARUN PROPERTY INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2019

| | Called up share capital £ | Revaluation reserve £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|-----------------------------|---------------------------------|-------------------|
| At 1 October 2017 | 1 | 1,244,642 | 493,486 | 1,738,129 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 225,900 | 225,900 |
| Transfer to/from profit and loss account | - | (257,299) | 257,299 | - |
| At 1 October 2018 | 1 | 987,343 | 976,685 | 1,964,029 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 193,429 | 193,429 |
| Total comprehensive income for the year | - | - | 193,429 | 193,429 |
| Dividends: Equity capital | - | - | (800,000) | (800,000) |
| At 30 September 2019 | 1 | 987,343 | 370,114 | 1,357,458 |

The notes on pages 9 to 15 form part of these financial statements.

ARUN PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. General information

Arun Property Investments Limited is a limited liability company incorporated in England. The Registered Office is St Leonard's House, North Street, Horsham, West Sussex, RH12 1RJ.

The principal activity of the company is the letting of properties to group companies.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Revenue recognition

Rental income:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

| | |
|-------------------|-------|
| Freehold property | - Nil |
|-------------------|-------|

The assets' projected residual values, expected useful lives and depreciation methods are reviewed and adjusted annually if appropriate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Given the useful lives of the company's freehold properties and the high standard to which they are maintained, it is the opinion of the directors that the residual values are sufficiently high to make any depreciation charge immaterial.

ARUN PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.4 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the profit or loss for the year.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.9 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

ARUN PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of revision and future years if the revision affects both current and future years.

Management considers the key estimates and judgements made in the financial statements to be related to:

Valuation of freehold property

The company maintains a portfolio of investment properties for letting to other group companies. It is a matter of management judgement as to the carrying value of each individual property asset at the balance sheet date.

The appropriateness of the carrying value is assessed by reference to valuations provided by qualified individuals and is reviewed by management on a periodic basis.

ARUN PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018 - £NIL).

5. Taxation

| | 2019 £ | 2018 £ |
|--|---------------|-----------------|
| Corporation tax | | |
| Current tax on profits for the year | 46,000 | 60,500 |
| Adjustments in respect of previous periods | (26) | (309) |
| Total current tax | 45,974 | 60,191 |
| Origination and reversal of timing differences | - | (71,964) |
| Taxation on profit on ordinary activities | 45,974 | (11,773) |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

| | 2019 £ | 2018 £ |
|--|---------------|-----------------|
| Profit on ordinary activities before tax | 239,403 | 214,127 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | 45,487 | 40,684 |
| Effects of: | | |
| Adjustments to tax charge in respect of prior periods | (26) | (309) |
| Surplus on revaluation of freehold properties | - | - |
| Capital gains | - | 19,790 |
| Over provision for the year | 513 | 26 |
| Deferred tax | - | (71,964) |
| Total tax charge for the year | 45,974 | (11,773) |

ARUN PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

6. Dividends

| | 2019 £ | 2018 £ |
|------------------------------------|----------------|-----------|
| Interim dividend on equity capital | <u>800,000</u> | <u>-</u> |

7. Tangible fixed assets

| | Freehold property £ |
|--------------------------|---------------------------|
| Cost or valuation | |
| At 1 October 2018 | 3,483,153 |
| Additions | - |
| Disposals | - |
| Revaluations | - |
| At 30 September 2019 | <u>3,483,153</u> |
| Net book value | |
| At 30 September 2019 | <u>3,483,153</u> |
| At 30 September 2018 | <u>3,483,153</u> |

The Company's property portfolio was professionally valued at 30 September 2019 by a firm of Chartered Surveyors in each property location. The valuations showed that there was no material change since the last valuation was carried out in September 2016.

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Freehold property included at valuation | | |
| Cost | 2,495,810 | 2,495,810 |
| Cumulative valuations to market value at 30 September 2016 | 987,343 | 987,343 |
| Valuation to market value at 30 September 2019 | - | - |
| | <u>3,483,153</u> | <u>3,483,153</u> |

ARUN PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

8. Debtors

| | 2019 £ | 2018 £ |
|---------------|------------|--------------|
| Trade debtors | <u>775</u> | <u>7,158</u> |

9. Creditors: Amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|------------------|------------------|
| Amounts owed to group undertakings | 2,012,362 | 1,399,418 |
| Corporation tax | 46,000 | 60,500 |
| Other taxation and social security | 2,035 | 2,003 |
| Accruals and deferred income | <u>64,073</u> | <u>62,361</u> |
| | <u>2,124,470</u> | <u>1,524,282</u> |

10. Financial instruments

| | 2019 £ | 2018 £ |
|---|------------------|------------------|
| Financial assets | | |
| Financial assets that are debt instruments measured at amortised cost | <u>775</u> | <u>7,158</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>2,078,470</u> | <u>1,463,782</u> |

Financial assets measured at amortised cost comprise trade debtors.

Financial liabilities measured at amortised cost comprise group loans, accruals and deferred income.

ARUN PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

11. Deferred taxation

| | 2019 £ | 2018 £ |
|----------------------------|--------------|--------------|
| At beginning of year | 2,000 | 73,964 |
| Charged to profit and loss | - | (71,964) |
| At end of year | 2,000 | 2,000 |

The provision for deferred taxation is made up as follows:

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Surplus on revaluation of freehold properties | 2,000 | 2,000 |

12. Reserves

Revaluation reserve

The revaluation reserve arose on the revaluation of freehold properties to market value.

Profit & loss account

The profit and loss account consists of accumulated profits, net of dividends paid.

13. Controlling party

The ultimate parent undertaking is Arun Estate Agencies Limited, a company registered in England. The ultimate controlling party is P A Rooney, who owns 100% of the ordinary share capital in Arun Estate Agencies Limited.