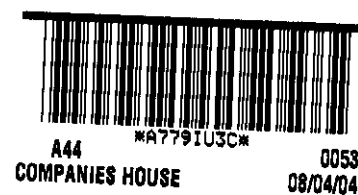


HILLISWOOD LIMITED
FINANCIAL STATEMENTS
FOR THE 17 MONTHS ENDED
31ST DECEMBER 2003

Company Number: 1123799

Jacob Cavenagh & Skeet
Chartered Accountants
5 Robin Hood Lane
Sutton
Surrey SM1 2SW



HILLISWOOD LIMITED
FINANCIAL STATEMENTS
FOR THE 17 MONTHS ENDED
31ST DECEMBER 2003

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HILLISWOOD LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Board of Directors	Mr A R Copeman	(appointed 9.12.2003)
	Mr J A H Risbridger	(appointed 19.05.2003)
	Mr A J Symonds	(appointed 19.05.2003)
	Mr E Stead	(resigned 19.05.2003)
	Mrs S Stead	(resigned 19.05.2003)
Company Secretary	Mrs S Stead	(resigned 19.05.2003)
	Mr P A Tervet	(appointed 19.05.2003)
Registered Office	175 Tower Bridge Road London SE1 2AL	
Accountants	Jacob Cavenagh & Skeet Chartered Accountants 5 Robin Hood Lane Sutton Surrey SM1 2SW	
Bankers	Lloyds TSB plc Public and Community Sector 2nd Floor 25 Gresham Street London EC2V 7HN	

HILLISWOOD LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the period ended 31st December 2003.

Principal activity

The principal activity of the company during the year was that of property developers.

Directors and their interests

The directors who served the company during the year, together with their beneficial interests in the shares of the company, were as follows:

	Ordinary shares of £1 each	
	At 31.12.2003	At 31.07.2002
Mr A R Copeman	-	-
Mr J A H Risbridger	-	-
Mr E Stead (resigned 19th May 2003)	-	1,020
Mrs S Stead (resigned 19th May 2003)	-	980
Mr A J Symonds	-	-

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements comply with the Companies Act 1985. 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.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Auditors

A resolution proposing the reappointment of Jacob Cavenagh & Skeet as auditors to the company will be put to the annual general meeting.

BY ORDER OF THE BOARD



Mr P A Tervet
Company Secretary

Registered Office
175 Tower Bridge Road
London
SE1 2AL

23rd March 2004

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF

HILLISWOOD LIMITED

We have audited the financial statements of Hilliswood Limited for the period ended 31st December 2003 on pages 4 to 7. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 5.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

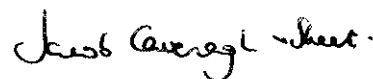
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company at 31st December 2003 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

23rd March 2004



Jacob Cavenagh & Skeet
Chartered Accountants
and Registered Auditor

HILLISWOOD LIMITED**PROFIT AND LOSS ACCOUNT
PERIOD ENDED 31ST DECEMBER 2003**

	Note	01.08.2002 to 31.12.2003 £	Year ended 31.07.2002 £
Turnover		-	2,250
Cost of sales		<u>-</u>	<u>-</u>
Gross profit		-	2,250
Administrative expenses		<u>2,019</u>	<u>1,832</u>
Operating profit	2	(2,019)	418
Interest payable		<u>31,170</u>	<u>20,665</u>
Loss on ordinary activities before taxation		(33,189)	(20,247)
Tax on loss on ordinary activities		<u>-</u>	<u>-</u>
Loss for the financial period/year		(33,189)	(20,247)
Balance brought forward		(69,460)	(49,213)
Balance carried forward		<u>(102,649)</u>	<u>(69,460)</u>

There are no gains or losses other than the above report loss.

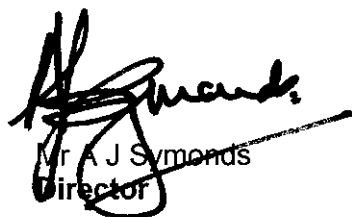
All transactions relate to continuing activities.

HILLISWOOD LIMITED**BALANCE SHEET
AT 31ST DECEMBER 2003**

		31.12.2003		31.07.2002	
	Note	£	£	£	£
Fixed assets					
Tangible assets	3		-		311
Current assets					
Stocks	4	409,718		176,935	
Debtors	5	2,137		2,501	
Cash at bank		<u>85</u>		<u>811</u>	
		411,940		180,247	
Creditors: Amounts falling due within one year	6	<u>(512,589)</u>		<u>(248,018)</u>	
Net current liabilities			<u>(100,649)</u>		<u>(67,771)</u>
Total assets less current liabilities			<u>(100,649)</u>		<u>(67,460)</u>
Capital and reserves					
Called up equity share capital	8		2,000		2,000
Profit and loss account			<u>(102,649)</u>		<u>(69,460)</u>
Equity shareholders' funds			<u>(100,649)</u>		<u>(67,460)</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These financial statements were approved on 23rd March 2004 and signed by:


Mr A J Symonds
Director

HILLISWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2003

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements have also been prepared on a going concern basis as the parent undertaking has indicated its willingness to support the company financially.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and equipment – 15% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

2 OPERATING PROFIT

31.12.2003	31.07.2002
£	£

This is stated after charging:

Directors' emoluments

Depreciation

-	-
<u>-</u>	<u>55</u>

3 TANGIBLE FIXED ASSETS

Plant and equipment
£

Cost

At 1st August 2002

Disposals

At 31st December 2003

2,399
(2,399)
<u>-</u>

Depreciation

At 1st August 2002

Released on disposal

At 31st December 2003

2,088
(2,088)
<u>-</u>

Net book value

At 31st December 2003

At 31st July 2002

<u>-</u>
<u>311</u>

HILLISWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2003 (continued)

4	STOCKS	31.12.2003	31.07.2002
		£	£
	Development work in progress	<u>409,718</u>	<u>176,935</u>
5	DEBTORS	31.12.2003	31.07.2002
		£	£
	VAT recoverable	140	14
	Other debtors	1,997	1,997
	Prepayments and accrued income	-	490
		<u>2,137</u>	<u>2,501</u>
6	CREDITORS: Amounts falling due within one year	31.12.2003	31.07.2002
		£	£
	Directors' current accounts	-	226,722
	Amounts due to parent undertaking	447,409	-
	Accruals and deferred income	65,180	21,296
		<u>512,589</u>	<u>248,018</u>
7	RELATED PARTY TRANSACTIONS		
	Included within creditors is an amount of £Nil (2002: £226,722) representing loans from Mr E Stead. Interest on these loans was charged at normal commercial rates.		
	Until 19th May 2003, the company was controlled and owned by Mr and Mrs Stead (former directors).		
	Included within creditors is an amount of £447,409 (2002: £Nil) representing loans from Pilgrim Homes, the parent undertaking. Interest on these loans is charged at normal commercial rates.		
8	SHARE CAPITAL	31.12.2003	31.07.2002
		£	£
	Authorised share capital		
	4,000 Ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>
	Allotted, called up and fully paid		
	Ordinary share capital	<u>2,000</u>	<u>2,000</u>