

HILLISWOOD LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2004

Company Number: 1123799

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



HILLISWOOD LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2004

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HILLISWOOD LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Board of Directors	Mr A R Copeman Mr J A H Risbridger Mr A J Symonds
Company Secretary	Mr P A Tervet
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 year ended 31st December 2004.

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 31.12.2004	At 31.12.2003

Mr A R Copeman	-	-
Mr J A H Risbridger	-	-
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

22nd March 2005

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
HILLISWOOD LIMITED

We have audited the financial statements of Hilliswood Limited for the year ended 31st December 2004 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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

31st March 2005

Jacob Cavenagh & Skeet

Jacob Cavenagh & Skeet
Chartered Accountants
and Registered Auditor

HILLISWOOD LIMITED**PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST DECEMBER 2004**

	Note	Year to 31.12.2004 £	01.08.2002 to 31.12.2003 £
Turnover		1,200	-
Cost of sales		<u>4,317</u>	<u>-</u>
Gross profit		(3,117)	-
Administrative expenses		<u>3,606</u>	<u>2,019</u>
Operating profit	2	(6,723)	(2,019)
Interest receivable		525	-
Interest payable		<u>50,584</u>	<u>31,170</u>
Loss on ordinary activities before taxation		(56,782)	(33,189)
Tax on loss on ordinary activities		<u>-</u>	<u>-</u>
Loss for the financial period/year		(56,782)	(33,189)
Balance brought forward		<u>(102,649)</u>	<u>(69,460)</u>
Balance carried forward		<u>(159,431)</u>	<u>(102,649)</u>

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

All transactions relate to continuing activities.

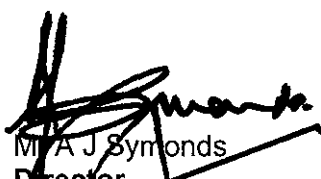
HILLISWOOD LIMITED

BALANCE SHEET AT 31ST DECEMBER 2004

		2004		2003	
	Note	£	£	£	£
Current assets					
Stocks	3	841,333		409,718	
Debtors	4	4,913		2,137	
Cash at bank		<u>17,598</u>		<u>85</u>	
		863,844		411,940	
Creditors: Amounts falling due within one year	5	<u>(771,275)</u>		<u>(512,589)</u>	
Total assets less current liabilities			92,569		(100,649)
Creditors: Amounts falling due after one year	6		<u>(250,000)</u>		<u>-</u>
Net liabilities			<u>(157,431)</u>		<u>(100,649)</u>
Capital and reserves					
Called up equity share capital	8		2,000		2,000
Profit and loss account			<u>(159,431)</u>		<u>(102,649)</u>
Equity shareholders' funds			<u>(157,431)</u>		<u>(100,649)</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 22nd March 2005 and signed by:


Mr A J Symonds
Director

HILLISWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2004

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.

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	2004 £	2003 £
	This is stated after charging: Directors' emoluments	<u>-</u>	<u>-</u>
3	STOCKS	2004 £	2003 £
	Development work in progress	<u>841,333</u>	<u>409,718</u>
4	DEBTORS	2004 £	2003 £
	VAT recoverable	2,916	140
	Other debtors	<u>1,997</u>	<u>1,997</u>
		<u>4,913</u>	<u>2,137</u>
5	CREDITORS: Amounts falling due within one year	2004 £	2003 £
	Trade creditors	10,703	-
	Amounts due to parent undertaking	760,547	447,409
	Accruals and deferred income	<u>25</u>	<u>65,180</u>
		<u>771,275</u>	<u>512,589</u>

The amounts due to the parent undertaking are secured by a debenture.

HILLISWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2004

6	CREDITORS: Amounts falling due after one year	2004 £	2003 £
	Creditors	<u>250,000</u>	<u>-</u>

7 RELATED PARTY TRANSACTIONS

Included within creditors is an amount of £760,547 (2003: £447,409) representing loans from Pilgrim Homes, the parent undertaking. Interest on these loans is charged at normal commercial rates and the loans are secured by a debenture.

8	SHARE CAPITAL	2004 £	2003 £
	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>