

**INDEPENDENT AUDITORS' REPORT TO
HILLERSDON ESTATES AND INVESTMENTS LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

Company Number 447577

We have examined the abbreviated accounts on pages 2 to 6 together with the full financial statements for the year ended 24 March 2004.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts prepared in accordance with Sections 246 (5) and (6) of the Act and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion the company is entitled under Sections 246 (5) and (6) of the Companies Act 1985 to deliver abbreviated accounts and the accounts on pages 2 to 6 have been properly prepared in accordance with those provisions.

HLB AV Audit plc

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Registered Auditors
66 Wigmore Street
London W1U 2HQ

4/1/05



HILLERSDON ESTATES AND INVESTMENTS LIMITED

ABBREVIATED BALANCE SHEET AS AT 24 MARCH 2004

	Notes	£	£	£	2003 £
FIXED ASSETS					
Investment properties	1		10,481,650		10,143,250
Tangible assets	1		31,381		32,787
Investment in subsidiary			2		2
Investment in/loan to Associated Companies	5		896,752		996,752
			<u>11,409,785</u>		<u>11,172,791</u>
CURRENT ASSETS					
Investment in Art		55,000		55,000	
Loan notes		-		50,000	
Debtors and prepayments		600,715		572,904	
		<u>655,715</u>		<u>677,904</u>	
CREDITORS: Amounts falling due within one year:					
Bank overdrafts and loans	6	3,072,193		2,817,961	
Other creditors and accruals		319,662		487,890	
		<u>3,391,855</u>		<u>3,305,851</u>	
NET CURRENT (LIABILITIES)			<u>(2,736,140)</u>		<u>(2,627,947)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			8,673,645		8,544,844
CREDITORS: Amounts falling due after more than one year					
	6		1,067,756		(1,380,446)
			7,605,889		7,164,398
DEFERRED TAXATION			<u>12,884</u>		<u>-</u>
			<u>7,593,005</u>		<u>7,164,398</u>

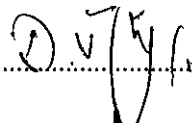
HILLERSDON ESTATES AND INVESTMENTS LIMITED

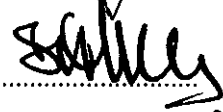
ABBREVIATED BALANCE SHEET - CONTINUED AS AT 24 MARCH 2004

	Notes	£	2003 £
CAPITAL AND RESERVES			
Called up share capital	3	495	495
Revaluation reserve		4,684,000	4,563,989
Profit and loss account		<u>2,908,510</u>	<u>2,599,914</u>
		<u>7,593,005</u>	<u>7,164,398</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board


..... Director
D. J. GREEN


..... Director
B. H. GREEN

These accounts were approved by the Board of Directors on 14/12/04

HILLERSDON ESTATES AND INVESTMENTS LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS YEAR ENDED 24 MARCH 2004

1. FIXED ASSETS

Tangible assets	Freehold Investment Properties £	Furniture and equipment £	Total £
Cost/valuation			
At 25 March 2003	10,143,250	48,702	10,191,952
Additions	410,939	9,055	419,994
Disposals	(550,000)	-	(550,000)
Net change in value	477,461	--	477,461
At 24 March 2004	<u>10,481,650</u>	<u>57,757</u>	<u>10,539,407</u>
Depreciation			
At 25 March 2003	-	15,915	15,915
Charge for the year	-	10,461	10,461
At 24 March 2004	<u>-</u>	<u>26,376</u>	<u>26,376</u>
Net book value			
At 24 March 2004	<u>10,481,650</u>	<u>31,381</u>	<u>10,513,031</u>
At 24 March 2003	<u>10,143,250</u>	<u>32,787</u>	<u>10,176,037</u>

2. PRINCIPAL ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared under the historical cost convention as amended by the revaluation of investment properties and otherwise in accordance with the Companies Act 1985.

b) Depreciation

i) Depreciation is charged on Fixtures and Fittings at an annual rate of 25% using the reducing balance method.

HILLERSDON ESTATES AND INVESTMENTS LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS YEAR ENDED 24 MARCH 2004

2. PRINCIPAL ACCOUNTING POLICIES - Continued

ii) No depreciation is provided on freehold investment properties. These have been revalued in accordance with Statement of Standard Accounting Practice No.19 by Messrs. Sidney Green & Co. (the directors are partners in this practice) based on a May 2004 valuation by E A Shaw, Chartered Surveyors, although depreciation is one of the factors taken into account in arriving at the valuation. This is a departure from the provisions of the Companies Act 1985 in order to show a true and fair view.

As the company has no depreciation policy for investment properties, it is not possible to quantify the effect of this departure from the Companies Act provisions.

c) Cash Flow Statement

Advantage has been taken of the exemption under Financial Reporting Standard No. 1 and no Cash Flow Statement has been prepared.

d) Reverse premiums

These are expensed over the primary period of the lease to which they relate and treated as a reduction of rent receivable.

e) Deferred taxation

Full undiscounted provision is made at 19% on all material timing differences, due to accelerated capital allowances.

3. SHARE CAPITAL

	2004	2003
Authorised:		
496 new ordinary shares of 50p each	248	248
496 preferred shares of 50p each	248	248
	<u>£496</u>	<u>£496</u>
Issued and fully paid:		
495 new ordinary shares of 50p each	248	248
495 preferred shares of 50p each	247	247
	<u>£495</u>	<u>£495</u>

HILLERSDON ESTATES AND INVESTMENTS LIMITED

NOTES FORMING PART OF THE ABBREVIATED FINANCIAL STATEMENTS YEAR ENDED 24 MARCH 2004

4. RELATED PARTY TRANSACTIONS

Commission of £85,970 (2003: £111,036) was payable to Messrs Sidney Green & Co, the directors being partners in this practice.

The company rents its office from Embejay Investments Ltd., a company controlled by the directors, for £4,200 per month.

5. ASSOCIATED COMPANIES

The company owns 37.5% of the shares of Haler Properties Ltd and 50% of the shares of Noel St. Investments Ltd. and has loaned money to these companies by way of shareholder loan. The directors consider these investments to be worth more than cost.

6. LOANS (SECURED)

Nationwide Building Society has a loan of £185,000 (reducing) secured on a freehold property. This is not fully repayable within 5 years. Some £80,000 is repayable after 5 years.