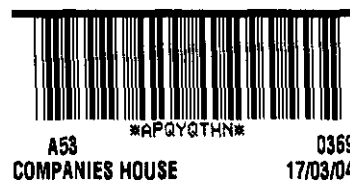


023
Registration number 02674724

Home Equity Funding Limited

Abbreviated accounts

for the year ended 31 May 2003



Home Equity Funding Limited

Contents

	Page
Auditors' report	1 - 2
Abbreviated balance sheet	3
Notes to the financial statements	4 - 5

**Independent auditors' report to Home Equity Funding Limited
under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 3 to 5 together with the financial statements of Home Equity Funding Limited for the year ended 31 May 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are 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 financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985 in respect of the year ended 31 May 2003, and the abbreviated accounts on pages 3 to 5 are properly prepared in accordance with those provisions.

Other information

On we reported as auditors of Home Equity Funding Limited to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 May 2003 and our audit report was as follows:

' We have audited the financial statements of Home Equity Funding Limited for the year ended 31 May 2003 which comprise the profit and loss account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

**Independent auditors' report to Home Equity Funding Limited
under Section 247B of the Companies Act 1985**

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the 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 Directors' Report 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

We read the directors report 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 United Kingdom 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.

Fundamental uncertainty

The company's accounts have been prepared on a going concern basis, the validity of which depends upon the company obtaining continued support from its bankers. Further information is provided in Note 13 to the accounts. Our report is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2007 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


JS Jacobs & Co. LLP
Registered auditor

**Roman House
13 High Street
Elstree
Herts.
WD6 3EP**

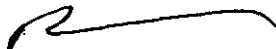
Home Equity Funding Limited

Abbreviated balance sheet as at 31 May 2003

		2003		2002	
	Notes	£	£	£	£
Current assets					
Debtors					
falling due after more than one year		558,862		742,123	
falling due within one year		700,785		699,294	
Cash at bank and in hand		738		503	
		<u>1,260,385</u>		<u>1,441,920</u>	
Creditors: amounts falling due within one year	3	<u>(1,221,015)</u>		<u>(1,253,994)</u>	
Net current assets			<u>39,370</u>		<u>187,926</u>
Total assets less current liabilities			39,370		187,926
Provisions for liabilities and charges			<u>(66,964)</u>		<u>(94,245)</u>
Net (liabilities)/assets			<u>(27,594)</u>		<u>93,681</u>
Capital and reserves					
Called up share capital	4		90,000		90,000
Profit and loss account			<u>(117,594)</u>		<u>3,681</u>
Shareholders' funds			<u>(27,594)</u>		<u>93,681</u>

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

The abbreviated accounts were approved by the Board on and signed on its behalf by



Cliffside Investments Limited
Director

The notes on pages 4 to 5 form an integral part of these financial statements.

Home Equity Funding Limited

Notes to the abbreviated financial statements for the year ended 31 May 2003

1. Accounting policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2. Turnover

Turnover represents credit charges receivable, on a redemption value basis, on advances to customers.

1.3. Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

2. Interest Adjustment

Following the period end, the company's loan book has been recalculated to exclude interest charged on up-front loan book disbursements, and reduce the rate of interest charged on such loans. This has resulted in a reduction in interest receivable, as at the period end, of £208,343 and this has been reflected in the company's accounts. In the director's opinion this does not represent a change in accounting policy, and hence no prior year adjustment has been made.

3. Creditors: amounts falling due within one year

2003	2002
£	£

Creditors include the following:

Secured creditors	<u>777,411</u>	<u>836,407</u>
-------------------	----------------	----------------

4. Share capital

2003	2002
£	£

Authorised

100,000 Ordinary shares of 1 each	<u>100,000</u>	<u>100,000</u>
-----------------------------------	----------------	----------------

Allotted, called up and fully paid

90,000 Ordinary shares of 1 each	<u>90,000</u>	<u>90,000</u>
----------------------------------	---------------	---------------

5. Ultimate parent undertaking

The company's parent undertaking and controlling related party is Equity Group Holdings Limited, a company registered in England.

Home Equity Funding Limited

**Notes to the abbreviated financial statements
for the year ended 31 May 2003**

..... continued

6. Going concern

The company's accounts have been prepared on a going concern basis, the validity of which depends upon the company obtaining continued support from its bankers. The company's bank overdraft facility is due for renewal on 4th July 2004, and we expect the facility to be renewed on that date.