

REPORTS AND FINANCIAL STATEMENTS

**HILLVIEW INDUSTRIAL DEVELOPMENTS
(UK) LIMITED**

FOR THE YEAR ENDED 31 DECEMBER 2006

Registered Number: 4604613

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HILLVIEW INDUSTRIAL DEVELOPMENTS (UK) LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

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HILLVIEW INDUSTRIAL DEVELOPMENTS (UK) LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS

D Brady
D P McInerney

SECRETARY

Clyde Secretaries Limited

AUDITORS

Deloitte & Touche
Chartered Accountants
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

SOLICITORS

Clyde & Co
51 Eastcheap
London
EC3M 1JP

BANKERS

Bank of Ireland
7 St Johns Road
Harrow
HA1 2EE

Bank of Ireland
Corporate Banking
Lower Baggot Street
Dublin 2

REGISTERED OFFICE

51 Eastcheap
London
EC3M 1JP

REGISTERED NUMBER OF INCORPORATION

4604613

HILLVIEW INDUSTRIAL DEVELOPMENTS (UK) LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 December 2006

PRINCIPAL ACTIVITY AND REVIEW OF DEVELOPMENTS

The principal activity of the company is that of property development

FUTURE DEVELOPMENTS OF THE BUSINESS

The directors do not envisage any major changes in the activities of the company in the foreseeable future

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2006

The results for the year ended 31 December 2006 and the state of affairs of the company at 31 December 2006 are set out on pages 8 and 9 respectively of the financial statements

DIRECTORS AND SECRETARY

The present membership of the Board is set out on page 2.

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

Neither of the directors nor the secretary had any interest in the shares of the company at any time during the year

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- 1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- 2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

The auditors, Deloitte & Touche, Chartered Accountants, continue in office in accordance with Section 385 of the Companies Act, 1985

Signed on behalf of the Board



Company Secretary AND ON BEHALF
OF CLYDE SECRETARIES LIMITED

Date 30 SEPTEMBER 2007

HILLVIEW INDUSTRIAL DEVELOPMENTS (UK) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of the profit or loss for the financial year

In preparing the financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company will continue in business

The Directors have responsibility for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in the United Kingdom and comply with the Companies Act 1985. The directors have responsibility for taking reasonable steps to safeguard the company's assets and to prevent and detect fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HILLVIEW INDUSTRIAL DEVELOPMENTS (UK) LIMITED

We have audited the financial statements of Hillview Industrial Developments (UK) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Accounting Policies and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

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 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

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 International Standards on Auditing (UK and Ireland) 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HILLVIEW INDUSTRIAL DEVELOPMENTS (UK) LIMITED

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Deloitte + Touche

Chartered Accountants and Registered Auditors
Dublin

30 September 2007

HILLVIEW INDUSTRIAL DEVELOPMENTS (UK) LIMITED

STATEMENT OF ACCOUNTING POLICIES

The significant accounting policies adopted by the company are as follows

BASIS OF PREPARATION

The financial statements have been prepared in accordance with accounting standards generally accepted in the United Kingdom comprising the Companies Act, 1985

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention

TURNOVER, PROFIT AND STOCK

Developed properties held for resale are included in stock at the lower of cost and net realisable value
Turnover and profits are recognised at the time of unconditional contracts for sale

INTEREST

Interest payable by the company is written off against profit except in the case of commercial development properties in the course of construction, where interest is carried in work in progress

HILLVIEW INDUSTRIAL DEVELOPMENTS (UK) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 Stg£	2005 Stg£
TURNOVER	1	1,324,051	925,000
Cost of sales		(1,322,896)	(845,599)
GROSS PROFIT		<u>1,155</u>	<u>79,401</u>
Administrative expenses		(34,997)	(8,234)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>(33,842)</u>	<u>71,167</u>
Taxation	3	-	(21,350)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	8	<u>(33,842)</u>	<u>49,817</u>

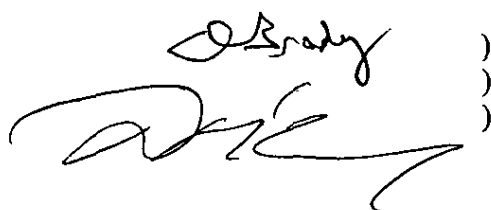
All gains and losses have been recognised in the profit and loss account and arose solely from continuing activities. There has been no movement on shareholders' funds other than the result for the year.

HILLVIEW INDUSTRIAL DEVELOPMENTS (UK) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	2006 Stg£	2005 Stg£
CURRENT ASSETS			
Stocks	4	2,557,149	1,509,042
Debtors	5	374,284	92,270
Cash at bank and in hand		2,399	2,757
		<u>2,933,832</u>	<u>1,604,069</u>
CREDITORS: (Amounts falling due within one year)	6	(2,265,132)	(901,527)
NET CURRENT ASSETS		<u>668,700</u>	<u>702,542</u>
TOTAL NET ASSETS		<u>668,700</u>	<u>702,542</u>
SHARE CAPITAL AND RESERVES			
Called-up share capital	7	100	100
Profit and loss account	8	668,600	702,442
SHAREHOLDERS' FUNDS - EQUITY	9	<u>668,700</u>	<u>702,542</u>

The financial statements were approved by the Board of Directors on ~~30~~ SEPTEMBER 2007 and signed on its behalf by



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DIRECTORS

HILLVIEW INDUSTRIAL DEVELOPMENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1. TURNOVER	2006	2005
	Stg£	Stg£
Property development	1,324,051	925,000
	<u> </u>	<u> </u>
Turnover arises solely in the UK		
 2. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	 2006	 2005
	Stg£	Stg£
(Loss)/profit on ordinary activities before taxation is stated after charging		
Directors' remuneration	-	-
Auditors' remuneration	-	-
	<u> </u>	<u> </u>
Auditors' remuneration is borne by a fellow group company		
 3. TAXATION	 2006	 2005
	Stg£	Stg£
Taxation based on (loss)/profit for the year	-	21,350
	<u> </u>	<u> </u>
Factors affecting tax charge for the year:		
(Loss)/Profit on ordinary activities before taxation	(33,842)	71,167
	<u> </u>	<u> </u>
(Loss)/Profit on ordinary activities multiplied by standard rate of taxation of 30% (2005 30%)	(10,153)	21,350
 Effects of:		
Group relief	10,153	-
	<u> </u>	<u> </u>
	-	21,350
	<u> </u>	<u> </u>

HILLVIEW INDUSTRIAL DEVELOPMENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

4. STOCK	2006	2005
	Stg£	Stg£
Work in progress	2,557,149	1,509,042
	<u> </u>	<u> </u>

Interest of Stg£20,180 (2005 Stg£79,745) is included in the above balance

5. DEBTORS	2006	2005
	Stg£	Stg£
Amounts falling due within one year		
VAT recoverable	373,834	836
Other debtor	100	100
Withholding tax receivable	350	91,334
	<u> </u>	<u> </u>
	374,284	92,270
	<u> </u>	<u> </u>

6. CREDITORS: (Amounts falling due within one year)	2006	2005
	Stg£	Stg£
Trade creditors	40,853	12,872
Bank loan	1,350,000	-
Amounts due to group undertaking	874,279	881,933
Corporation tax	-	6,722
	<u> </u>	<u> </u>
	2,265,132	901,527
	<u> </u>	<u> </u>

Bank loans are secured by way of a debenture over Hillview Industrial Developments (UK) Limited incorporating a first legal charge over the company's development land. There are cross guarantees between Hillview Developments Limited, Hillview Industrial Developments Limited and Hillview (Croydon) Limited

HILLVIEW INDUSTRIAL DEVELOPMENTS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006**

7. SHARE CAPITAL	2006	2005
	Stg£	Stg£
Authorised:		
100 Ordinary shares of Stg£1 each	100	100
	<hr/>	<hr/>
Allotted, called-up and fully paid:		
100 Ordinary shares of Stg£1 each	100	100
	<hr/>	<hr/>

8. PROFIT AND LOSS ACCOUNT	2006	2005
	Stg£	Stg£
Balance at 1 January	702,442	652,625
Total gains and losses relating to the year	(33,842)	49,817
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Balance at 31 December	668,600	702,442
	<hr/>	<hr/>

9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2006	2005
	Stg£	Stg£
Opening shareholders' funds	702,542	652,725
(Loss)/profit for the year	(33,842)	49,817
	<hr/>	<hr/>
Closing shareholders' funds	668,700	702,542
	<hr/>	<hr/>

10. RELATED PARTY TRANSACTIONS

The company has elected to avail of the disclosure exemption available to subsidiary undertakings in accordance with Financial Reporting Standard 8

HILLVIEW INDUSTRIAL DEVELOPMENTS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006**

11. CASH FLOW STATEMENT

In accordance with the exemptions provided by Financial Reporting Standard 1, the company has not presented a cash flow statement for the year

12. GROUP MEMBERSHIP

The company is a wholly owned subsidiary of Hillview Developments Limited. The ultimate holding company is McInerney Holdings plc, a publicly listed company incorporated in the Republic of Ireland.