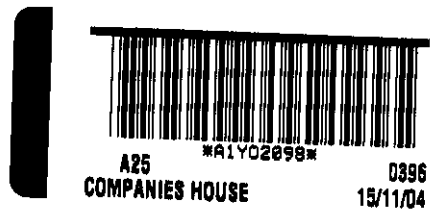


Company Registration No. 851579 (England and Wales)

THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004



THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

CONTENTS

	Page
Directors' report	1
Auditors' report	2
Income and expenditure account	3
Balance sheet	4
Notes to the financial statements	5 - 6

THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2004

The directors present their report and financial statements for the year ended 30 June 2004.

Principal activities

The principal activity of the company continued to be the maintenance of 37 houses and common grounds forming The Heights No. 2 Estate.

Directors

The following directors have held office since 1 July 2003:

C Clarke	(Resigned 4 November 2003)
R Seeley	
W Marsh	(Resigned 24 March 2004)
S Rayner	

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 10 each	
	30 June 2004	1 July 2003
R Seeley	1	1
S Rayner	1	1

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Crane & Partners be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

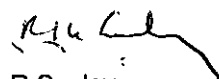
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 enable them 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.

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

On behalf of the board



R Seeley

Director

12 October 2004

THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

We have audited the financial statements of The Heights (Management) No. 2 Limited on pages 3 to 6 for the year ended 30 June 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 the directors and auditors

As described in the statement of directors' responsibilities on page 1 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Crane & Partners

Chartered Accountants
Registered Auditor



Sussex House
8-10 Homesdale Road
Bromley
Kent
BR2 9LZ

THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2004

		2004	2003
	Notes	£	£
Income	2	26,759	28,860
Administrative expenses		(22,116)	(31,930)
Operating surplus/(deficit)		<u>4,643</u>	<u>(3,070)</u>
Other interest receivable and similar income	3	959	993
Surplus/(deficit) on ordinary activities before taxation		<u>5,602</u>	<u>(2,077)</u>
Tax on surplus/(deficit) on ordinary activities	4	-	-
Surplus/(deficit) on ordinary activities after taxation	9	<u><u>5,602</u></u>	<u><u>(2,077)</u></u>

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the income and expenditure account.

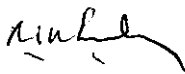
THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

BALANCE SHEET AS AT 30 JUNE 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	5		3,604		3,604
Current assets					
Debtors	6	745		1,066	
Cash at bank and in hand		52,871		43,915	
		<u>53,616</u>		<u>44,981</u>	
Creditors: amounts falling due within one year	7	<u>(5,660)</u>		<u>(2,627)</u>	
Net current assets			<u>47,956</u>		<u>42,354</u>
Total assets less current liabilities			<u>51,560</u>		<u>45,958</u>
Capital and reserves					
Called up share capital	8		370		370
Income and expenditure account	9		51,190		45,588
Shareholders' funds - equity interests	10		<u>51,560</u>		<u>45,958</u>

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

The financial statements were approved by the Board on 12 October 2004


R Seeley
Director

THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Tangible fixed assets and depreciation

No depreciation is provided in respect of freehold interest in land as, in the opinion of the directors, there is no significant wasting of the freehold.

2 Income

	£	£
Contributions from residents	26,640	24,420
Additional contributions	119	4,440
	<u>26,759</u>	<u>28,860</u>

3 Other interest receivable and similar income

	2004 £	2003 £
Bank interest	<u>959</u>	<u>993</u>

4 Taxation

The company is marked dormant for the purposes of corporation tax.

5 Tangible fixed assets

	Freehold interest £
Cost	
At 1 July 2003 & at 30 June 2004	<u>3,604</u>
Depreciation	
At 1 July 2003 & at 30 June 2004	<u>-</u>
Net book value	
At 30 June 2004	<u>3,604</u>
At 30 June 2003	<u>3,604</u>

THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

6 Debtors	2004	2003
	£	£
Trade debtors	480	700
Other debtors	265	366
	<u>745</u>	<u>1,066</u>
	<u><u>745</u></u>	<u><u>1,066</u></u>
7 Creditors: amounts falling due within one year	2004	2003
	£	£
Other creditors	5,660	2,627
	<u>5,660</u>	<u>2,627</u>
	<u><u>5,660</u></u>	<u><u>2,627</u></u>
8 Share capital	2004	2003
	£	£
Authorised		
37 Ordinary shares of £10 each	370	370
	<u>370</u>	<u>370</u>
	<u><u>370</u></u>	<u><u>370</u></u>
Allotted, called up and fully paid		
37 Ordinary shares of £10 each	370	370
	<u>370</u>	<u>370</u>
	<u><u>370</u></u>	<u><u>370</u></u>
9 Statement of movements on income and expenditure account		Income and expenditure account
		£
Balance at 1 July 2003		45,588
Retained surplus for the year		5,602
		<u>51,190</u>
Balance at 30 June 2004		<u><u>51,190</u></u>
10 Reconciliation of movements in shareholders' funds	2004	2003
	£	£
Surplus/(Deficit) for the financial year	5,602	(2,077)
Opening shareholders' funds	45,958	48,035
	<u>51,560</u>	<u>45,958</u>
Closing shareholders' funds	<u><u>51,560</u></u>	<u><u>45,958</u></u>