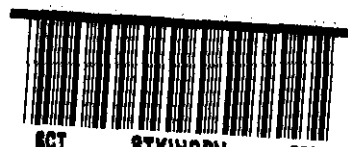


H AND K ESTATES LIMITED

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H AND K ESTATES LIMITED

INDEPENDENT AUDITORS' REPORT TO H AND K ESTATES LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 5, together with the financial statements of the company for the year ended 31 October 2005 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 those matters we are required to state to them in an auditor's report on abbreviated accounts 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, 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 the 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 audit 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 to be delivered 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, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.

Springfords LLP

Springfords LLP

6 June 2006

Chartered Accountants
Registered Auditors

Dundas House
Westfield Park
Eskbank
Edinburgh
EH22 3FB

H AND K ESTATES LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 OCTOBER 2005

		2005		2004 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	2	2,621,995		2,389,015	
Investments	2	1,095,928		1,066,486	
		3,717,923		3,455,501	
Current assets					
Debtors		269,375		323,448	
Cash at bank and in hand		419,420		134,307	
		688,795		457,755	
Creditors: amounts falling due within one year	3	(238,127)		(181,434)	
Net current assets		450,668		276,321	
Total assets less current liabilities		4,168,591		3,731,822	
Creditors: amounts falling due after more than one year	4	(424,510)		(444,177)	
Provisions for liabilities and charges		(9,286)		(13,415)	
		3,734,795		3,274,230	
Capital and reserves					
Called up share capital	5	2,000		2,000	
Share premium account		571,154		570,961	
Revaluation reserve		193,778		122,727	
Profit and loss account		2,967,863		2,578,542	
Shareholders' funds - equity interests		3,734,795		3,274,230	

These abbreviated accounts 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 5 June 2006



Mark Hedderwick
Director



Fiona Sheldon
Director

H AND K ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents the amount of rents, feu duties charged and sums received in respect of the sale or waiver of rights.

Turnover included from 5 April 2004, the recharge cost of management and administration services to a number of other entities.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets include investment properties professionally valued by Chartered Surveyors on an existing use open market value basis. Other tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	10% / 20% straight line
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Investment properties are included in the balance sheet at their open market value.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for Investment Properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

Land and buildings and moveable property are reviewed annually for impairment and the directors are of the opinion that their useful economic lives and residual values are such that any depreciation would not be material.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

H AND K ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2005

1 Accounting policies

(continued)

1.7 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

2 Fixed assets

	Tangible assets	Investments	Total
	£	£	£
Cost or valuation			
At 1 November 2004	2,402,305	1,093,285	3,495,590
Additions	205,016	56,004	261,020
Revaluation	71,051	-	71,051
Disposals	(31,278)	(47,717)	(78,995)
At 31 October 2005	2,647,094	1,101,572	3,748,666
Depreciation			
At 1 November 2004	13,290	26,799	40,089
On disposals	(9,431)	-	(9,431)
Charge for the year	21,240	(21,155)	85
At 31 October 2005	25,099	5,644	30,743
Net book value			
At 31 October 2005	2,621,995	1,095,928	3,717,923
At 31 October 2004	2,389,015	1,066,486	3,455,501

3 Creditors: amounts falling due within one year

The aggregate amount of creditors for which security has been given amounted to £33,334 (2004 - £33,334).

4 Creditors: amounts falling due after more than one year

The aggregate amount of creditors for which security has been given amounted to £424,510 (2004 - £444,177).

H AND K ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2005

5	Share capital	2005 £	2004 £
	Authorised		
	20,000 Ordinary shares of 50p each	10,000	10,000
		<hr/>	<hr/>
	Allotted, called up and fully paid		
	4,000 Ordinary shares of 50p each	2,000	2,000
		<hr/>	<hr/>