

Hilstone Corporation Limited
Directors' Report and Financial Statements
for the year ended 30 June 1996
2906739 (England and Wales)



Hilstone Corporation Limited

Company Information

Directors	M.C.T. Bokenham A.M. Brookes
Secretary	C.M. Dennee
Company Number	2906739 (England and Wales)
Registered Office & Business Address	53 Grosvenor Street Mayfair London W1X 9FH
Auditors	Morley & Scott Lynton House 7-12 Tavistock Square London WC1H 9LT
Bankers	Barclays Bank plc P.O. Box 95 1 North End Croyden CR9 1RN

Hilstone Corporation Limited

Contents

	Page
Directors' Report	1
Auditors' Report	2
Profit and Loss Account	3
Balance Sheet	4
Notes to the Financial Statements	5 - 9

Hilstone Corporation Limited

Directors' Report for the year ended 30 June 1996

The directors present their report and the financial statements for the year ended 30 June 1996.

Principal Activities

The principal activity of the company is that of property trading and development.

Directors and their Interests

The directors who served during the year and their interests in the company were as stated below.

	Class of share	Number of shares	
		1996	1995
M.C.T. Bokenham	Ordinary shares	25,000	25,000
A.M. Brookes	Ordinary shares	25,000	25,000
M.G. Smith	Ordinary shares	-	-

M.G. Smith resigned as a director on 1 July 1996.

Auditors

Morley & Scott were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed 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.

In the preparation of the directors' report advantage has been taken of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

This report was approved by the Board on 15 April 1997.


A.M. Brookes
Director

Hilstone Corporation Limited

**Auditors' Report
to the shareholders of Hilstone Corporation Limited**

We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

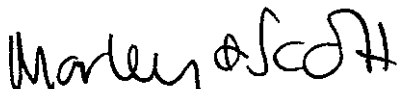
Basis of opinion

We conducted our audit in accordance with 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.


Morley & Scott

Chartered Accountants
Registered Auditor

London

15 April 1997

Hilstone Corporation Limited

**Profit and Loss Account
for the year ended 30 June 1996**

		Year to 30.6.96 £	5.3.94 to 30.6.95 £
	Notes		
Turnover		149,250	111,785
Cost of sales		(27,000)	(46,831)
Gross profit		<u>122,250</u>	<u>64,954</u>
Administrative expenses		(112,050)	(56,637)
Operating profit	2	<u>10,200</u>	<u>8,317</u>
Other interest receivable and similar income	3	185	281
Interest payable and similar charges		<u>(1,784)</u>	<u>(10)</u>
Profit on ordinary activities before taxation		8,601	8,588
Tax on profit on ordinary activities	4	(2,091)	(3,350)
Retained profit for the year	11	<u>£ 6,510</u>	<u>£ 5,238</u>

There are no recognised gains and losses other than those passing through the profit and loss account.

Hilstone Corporation Limited

Balance Sheet as at 30 June 1996


	Notes	1996 £	1995 £
Fixed Assets			
Tangible assets	5	17,511	20,389
Investments	6	160,002	-
		<u>177,513</u>	<u>20,389</u>
Current Assets			
Debtors	7	102,158	56,873
Cash at bank and in hand		767	15,282
		<u>102,925</u>	<u>72,155</u>
Creditors: amounts falling due within one year	8	<u>(218,690)</u>	<u>(36,356)</u>
Net Current Liabilities		<u>(115,765)</u>	<u>35,799</u>
Total Assets Less Current Liabilities		<u>61,748</u>	<u>56,188</u>
Provision for Liabilities and Charges	9	-	(950)
		<u>£ 61,748</u>	<u>£ 55,238</u>
Capital and Reserves			
Called up share capital	10	50,000	50,000
Profit and loss account	11	11,748	5,238
Shareholders' Funds (equity interests)	12	<u>£ 61,748</u>	<u>£ 55,238</u>

In preparing these financial statements:

- (a) Advantage has been taken of the special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985, and
- (b) In the directors' opinion the company is entitled to these exemptions as a small company.

The financial statements were approved by the Board on 15 April 1997.


A.M. Brookes
Director


M.C.T. Bokenham
Director

Hilstone Corporation Limited

Notes to the Financial Statements for the year ended 30 June 1996

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

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 Turnover

Turnover represents income receivable from joint venture participation fees and commissions on property development transactions.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	-	20% Reducing balance
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1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Investments

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

2. Operating Profit

	Year to 30.6.96 £	5.3.94 to 30.6.95 £
Operating profit is stated after charging:		
Depreciation of tangible assets	4,378	-
Hire of plant and machinery	4,191	-
Operating lease rentals		
- Land and buildings	12,500	-
Auditors' remuneration	2,000	2,000

Hilstone Corporation Limited

Notes to the Financial Statements for the year ended 30 June 1996

3. Other Interest Receivable and Similar Income	<div>5.3.94</div> <div>Year to to</div> <div>30.6.96 30.6.95</div> <div>£ £</div>
Bank interest received	<div>185 281</div> <div></div>
4. Taxation	<div>5.3.94</div> <div>Year to to</div> <div>30.6.96 30.6.95</div> <div>£ £</div>
U.K. Current year taxation	
U.K. Corporation tax at 25% (1995 - 25%)	<div>3,150 2,400</div>
Deferred Taxation	<div>- 950</div>
	<div>3,150 3,350</div>
Prior years	
U.K. Corporation tax	<div>(109) -</div>
Transfer from deferred taxation	<div>(950) -</div>
	<div>£ 2,091 £ 3,350</div>
5. Tangible assets	<div>Plant and machinery etc</div> <div>£</div>
Cost	
At 1 July 1995	<div>20,389</div>
Additions	<div>1,500</div>
At 30 June 1996	<div>21,889</div>
Depreciation	
Charge for year	<div>4,378</div>
At 30 June 1996	<div>4,378</div>
Net book values	
At 30 June 1996	<div>£ 17,511</div>
At 30 June 1995	<div>£ 20,389</div>

Hilstone Corporation Limited

Notes to the Financial Statements for the year ended 30 June 1996

6. Fixed Asset Investments

Shares in group undertakings and participating interests	-	£
Cost		
Additions		160,002
		<hr/>
At 30 June 1996		160,002
		<hr/>
Net Book Values		
At 30 June 1996		£ 160,002
		<hr/>

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 10%

The company holds more than 10% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertaking			
Aqua Properties Limited	Great Britain	Ordinary	100

Participating interests

Gemcrest Developments Limited	Great Britain	'B' Ordinary	100
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The principal activity of both companies is property trading and development.

The first accounts for Aqua Properties Limited are to be prepared for the period 20 May 1996 to 30 June 1997.

The first accounts for Gemcrest Developments Limited are to be prepared for the period 21 December 1995 to 31 May 1997.

7. Debtors	1996 £	1995 £
Trade debtors	77,500	-
Amounts owed by group undertakings	17,000	-
Others	7,658	56,873
	<hr/>	<hr/>
	£ 102,158	£ 56,873
	<hr/>	<hr/>

Amounts falling due after more than one year and included in the debtors above are:

	1996	1995
Others	-	12,500
	<hr/>	<hr/>

Hilstone Corporation Limited

Notes to the Financial Statements for the year ended 30 June 1996

8. Creditors: amounts falling due within one year	1996 £	1995 £
Bank loans and overdrafts	4,113	18,304
Corporation tax	3,150	2,400
Other creditors	211,427	15,652
	<u>£ 218,690</u>	<u>£ 36,356</u>

9. Provisions for Liabilities and Charges

Deferred tax is provided at 25% (1995 - 25%) analysed over the following timing differences:

	Fully Provided	
	1996 £	1995 £
Accelerated capital allowances	-	950
	<u>£ -</u>	<u>£ 950</u>

10. Share Capital	1996 £	1995 £
Authorised		
250,000 Ordinary shares of £1 each	250,000	250,000
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

11. Profit And Loss Account	1996 £	1995 £
Retained profits at 1 July 1995	5,238	-
Retained profit for the year	6,510	5,238
Retained profits at 30 June 1996	<u>£ 11,748</u>	<u>£ 5,238</u>

Hilstone Corporation Limited

Notes to the Financial Statements for the year ended 30 June 1996

12. Reconciliation of Movements in Shareholders' Funds

	1996 £	1995 £
Profit for the financial year	6,510	5,238
Proceeds of issue of shares	-	50,000
Net addition to shareholders' funds	6,510	55,238
Opening shareholders' funds	55,238	-
Closing shareholders' funds	£ 61,748	£ 55,238

13. Financial Commitments

At 30 June 1996 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1996 £	1995 £
Expiry date:		
Between two and five years	25,000	25,000
	£ 25,000	£ 25,000