

Hilstone Corporation Limited  
Directors' Report and Financial Statements  
for the year ended 30 June 1997  
2906739 (England and Wales)



# Hilstone Corporation Limited

## Company Information

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

Hilstone Corporation Limited

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# Hilstone Corporation Limited

## Directors' Report for the year ended 30 June 1997

The directors present their report and the financial statements for the year ended 30 June 1997.

### Principal Activities

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

### Share Capital

Details of changes in issued share capital are given in note 9 to the accounts.

### 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	
		1997	1996
M.C.T. Bokenham	Ordinary shares	45,000	25,000
A.M. Brookes	Ordinary shares	25,000	25,000

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

Subsequent to the year end, a further 20,000 Ordinary shares were issued to A.M. Brookes.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Morley & Scott 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.

This report was approved by the Board on 6th April 1998

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 10 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.

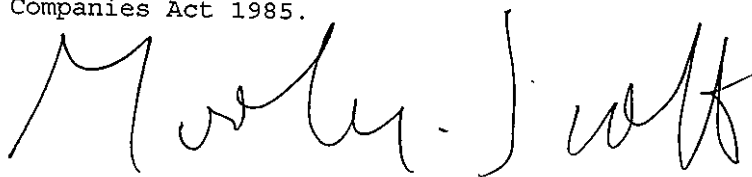
Basis of opinion

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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Morley & Scott

8 April 1998

Chartered Accountants  
Registered Auditor  
London

# Hilstone Corporation Limited

## Profit and Loss Account for the year ended 30 June 1997

	Notes	1997 £	1996 £
Turnover		135,900	149,250
Cost of sales		(15,167)	(27,000)
Gross profit		120,733	122,250
Administrative expenses		(116,525)	(112,050)
Other operating income		1,250	-
Operating profit	2	5,458	10,200
Other interest receivable and similar income	3	10	185
Interest payable and similar charges		(3,266)	(1,784)
Profit on ordinary activities before taxation		2,202	8,601
Tax on profit on ordinary activities	4	216	(2,091)
Retained profit for the year	10	£ 2,418	£ 6,510

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 1997

	Notes	1997 £	1996 £
<b>Fixed Assets</b>			
Tangible assets	5	15,356	17,511
Investments	6	160,100	160,002
		<u>175,456</u>	<u>177,513</u>
<b>Current Assets</b>			
Debtors	7	309,186	102,158
Cash at bank and in hand		26,723	767
		<u>335,909</u>	<u>102,925</u>
Creditors: amounts falling due within one year	8	(427,199)	(218,690)
<b>Net Current Liabilities</b>		<u>(91,290)</u>	<u>(115,765)</u>
<b>Total Assets Less Current Liabilities</b>		<u>£ 84,166</u>	<u>£ 61,748</u>
<b>Capital and Reserves</b>			
Called up share capital	9	70,000	50,000
Profit and loss account	10	14,166	11,748
<b>Shareholders' Funds (equity interests)</b>	11	<u>£ 84,166</u>	<u>£ 61,748</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 6th April 1998

A.M. Brookes  
Director

# Hilstone Corporation Limited

## Notes to the Financial Statements for the year ended 30 June 1997

### 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 cashflow 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

	1997 £	1996 £
Operating profit is stated after charging:		
Depreciation of tangible assets	3,839	4,378
Hire of plant and machinery	3,449	4,191
Operating lease rentals		
- Land and buildings	25,000	12,500
Auditors' remuneration	2,000	2,000
	<u>          </u>	<u>          </u>

### 3. Other Interest Receivable and Similar Income

	1997 £	1996 £
Bank interest received	10	185
	<u>          </u>	<u>          </u>



# Hilstone Corporation Limited

## Notes to the Financial Statements for the year ended 30 June 1997

4.	Taxation	1997	1996
		£	£
	U.K. Current year taxation		
	U.K. Corporation tax at 24% (1996 - 25%)	-	3,150
	Prior years		
	U.K. Corporation tax	(216)	(109)
	Transfer from deferred taxation	-	(950)
		<u>£ (216)</u>	<u>£ 2,091</u>

5.	Tangible assets	Plant and machinery etc £
	Cost	
	At 1 July 1996	21,889
	Additions	1,684
	At 30 June 1997	<u>23,573</u>
	Depreciation	
	At 1 July 1996	4,378
	Charge for year	3,839
	At 30 June 1997	<u>8,217</u>
	Net book values	
	At 30 June 1997	<u>£ 15,356</u>
	At 30 June 1996	<u>£ 17,511</u>

# Hilstone Corporation Limited

## Notes to the Financial Statements for the year ended 30 June 1997

### 6. Fixed Asset Investments

#### Shares in group undertakings and participating interests

	£
Cost	
At 1 July 1996	160,002
Additions	98
	<hr/>
At 30 June 1997	160,100
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Net Book Values	
At 30 June 1997	£ 160,100
	<hr/>
At 30 June 1996	£ 160,002
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In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings and participating interests is not less than the amounts 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	%
<b>Subsidiary undertaking</b>			
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 aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Aqua Properties Limited	£(7,690)	£(7,790)
Gemcrest Developments Limited	£494,480	£14,480

Gemcrest Developments Limited has a year end of 30 May whilst that of Aqua Properties Limited is coterminous with Hilstone Corporation Limited.

# Hilstone Corporation Limited

## Notes to the Financial Statements for the year ended 30 June 1997

7.	Debtors	1997 £	1996 £
	Trade debtors	101,869	77,500
	Amounts owed by group undertakings	200,000	17,000
	Others	7,317	7,658
		<u>£ 309,186</u>	<u>£ 102,158</u>

8.	Creditors: amounts falling due within one year	1997 £	1996 £
	Bank loans and overdrafts	-	4,113
	Amounts owed to group undertakings	1,300	-
	Corporation tax	-	3,150
	Other creditors	425,899	211,427
		<u>£ 427,199</u>	<u>£ 218,690</u>

9.	Share Capital	1997 £	1996 £
	Authorised		
	250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
	Allotted, called up and fully paid		
	70,000 Ordinary shares of £1 each	<u>70,000</u>	<u>50,000</u>

On the 18th December 1996 the company issued 20,000 ordinary shares at par for cash.

10.	Profit And Loss Account	1997 £	1996 £
	Retained profits at 1 July 1996	11,748	5,238
	Retained profit for the year	2,418	6,510
	Retained profits at 30 June 1997	<u>£ 14,166</u>	<u>£ 11,748</u>

# Hilstone Corporation Limited

## Notes to the Financial Statements for the year ended 30 June 1997

### 11. Reconciliation of Movements in Shareholders' Funds

	1997 £	1996 £
Profit for the financial year	2,418	6,510
Proceeds of issue of equity shares	20,000	-
Net addition to shareholders' funds	22,418	6,510
Opening shareholders' funds	61,748	55,238
Closing shareholders' funds	£ 84,166	£ 61,748

### 12. Contingent Liabilities

Details of guarantees given by the company in respect of Aqua Properties Limited, the subsidiary undertaking, are given in note 14 to the financial statements.

### 13. Financial Commitments

At 30 June 1997 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1997 £	1996 £
Expiry date:		
Between two and five years	25,000	25,000
	£ 25,000	£ 25,000

Hilstone Corporation Limited

Notes to the Financial Statements  
for the year ended 30 June 1997

14. Controlling Party and Related Party Transactions

The company was controlled throughout the year by M.C.T. Bokenham, a director and majority shareholder.

Included in other creditors is £310,220 due to M.C.T. Bokenham and £88,543 due to A.M. Brookes, the directors of the company. These loans are interest free and unsecured.

M.C.T. Bokenham and A.M. Brookes have also provided personal guarantees, for a maximum of £50,000 each, to the company's bankers, in respect of bank borrowings.

Turnover includes £105,500 in respect of property management fees received from Gemcrest Developments Limited, the associated undertaking, of which £62,500 is included within trade debtors.

The company has advanced monies to, and paid expenses of, the subsidiary undertaking, Aqua Properties Limited. Part repayment of these amounts was made during the year. The balance arising from time to time on the inter company account is secured by a second charge over that company's property. The balances at the year end between the two companies are given in notes 7 and 8 to the financial statements.

The company has guaranteed the performance of Aqua Properties Limited in respect of certain commercial transactions. The outstanding financial liability on the transactions at the balance sheet date amounted to £81,000.