

Registration number 04330671

Highstone Group Limited
Directors' report and financial statements
for the year ended 31 March 2014

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Highstone Group Limited

Company information

Directors	C J Dalzell P Kavanagh M Huber
Secretary	P Kavanagh
Company number	04330671
Registered office	The Old Rectory Sawley Ripon North Yorkshire HG4 3EN
Auditors	The Business Services Office LLP 57 Moorview Way Skipton BD23 2JW
Bankers	National Westminster Bank Plc 3 Cambridge Crescent Harrogate HG1 1PE HSBC Bank Plc 78 St James' Street London SW1A 1JB
Solicitors	Addleshaw Goddard Sovereign House Sovereign Street Leeds LS1 1HQ

Highstone Group Limited

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Highstone Group Limited
Strategic report
for the year ended 31 March 2014

Review of business

Following the disposal of the property investments within Highstone Estates (Harrogate) Limited in the prior year, the company ceased trading on 31 March 2014. There have been no other significant changes in the group's principal activities in the year under review. The directors are not aware, at the date of the report, of any likely changes in the company's activities in the forthcoming year.

The loss for the year, after taxation, amounted to £12,555,074 (2013: profit of £10,351,772).

Principal risks and uncertainties

The present global economic downturn makes for difficult conditions with continued low investment rates and returns. The group manages the risk by having a diverse investment base.

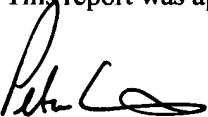
Future developments

The group has significant cash resources, a well diversified investment portfolio. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the uncertain economic outlook.

Principal key performance indicators

The group's key performance indicators are returns on assets, which has fallen during the year from 3.3% to -4.2% and net assets of the company which have decreased by 3.4%.

This report was approved by the Board on 30 December 2014 and signed on its behalf by



P Kavanagh
Director

Highstone Group Limited

Directors' report for the year ended 31 March 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

Principal activity and review of the business

The principal activity of the group during the year was operating as an investment group and Highstone Group Limited is the ultimate holding company.

Results and dividends

The loss for the year, after taxation amounted to £12,555,074. No dividends were paid or proposed in the year.

Going concern

The group has significant net funds at the year end. The directors consider the group to be in a strong position to operate in a continuing competitive market.

Directors

The directors who served during the year are as stated below:

D Belward	(resigned 31 January 2014)
C J Dalzell	
P Kavanagh	(appointed 7 January 2014)
M Huber	(appointed 31 January 2104)

Political donations and expenditure

During the year the company contributed £100,568 to UKIP.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Highstone Group Limited
Directors' report
for the year ended 31 March 2014

..... continued

Auditors

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

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

On 1 April 2014, DSC Accountants Ltd resigned as auditors to the company. The board appointed The Business Services LLP to fill the casual vacancy. The Business Services Office LLP are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the Board on 30 December 2014 and signed on its behalf by



P Kavanagh
Director

**Independent auditor's report to the shareholders of
Highstone Group Limited**

We have audited the financial statements of Highstone Group Limited for the year ended 31 March 2014 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheet, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006.

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the shareholders of
Highstone Group Limited**

.....continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Simon Trobridge

**Simon Trobridge (Senior Statutory Auditor)
For and on behalf of The Business Services Office LLP
Chartered Accountants and
Statutory Auditors**

**57 Moorview Way
Skipton
BD23 2JW**

Highstone Group Limited

Consolidated profit and loss account for the year ended 31 March 2014

		Continuing operations	
		2014	2013
		£	As restated £
	Notes		
Turnover	2	14,290,354	14,073,043
Administrative expenses		(29,582,034)	(139,348)
Operating (loss)/profit	3	(15,291,680)	13,933,695
Other interest receivable and similar income	5	861	-
Interest payable and similar charges	6	(5,027)	(39,129)
(Loss)/profit on ordinary activities before taxation		(15,295,846)	13,894,566
Tax on (loss)/profit on ordinary activities	9	2,740,772	(3,542,794)
(Loss)/profit for the year	19	(12,555,074)	10,351,772
Retained profit brought forward		309,478,478	297,079,303
Reserve Movements		-	2,047,403
Retained profit carried forward		296,923,404	309,478,478
Statement of total recognised gains and losses			
(Loss)/profit on ordinary activities after taxation		(12,555,074)	10,351,772
Unrealised movement on revaluation of property		1,817,099	-
Total recognised losses/gains since last annual report		(10,737,975)	10,351,772

The notes on pages 10 to 26 form an integral part of these financial statements.

Highstone Group Limited

Consolidated Balance Sheet as at 31 March 2014

		2014		2013	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		7,252,655		5,589,556
Current assets					
Debtors	12				
falling due within one year		18,817,817		9,969,970	
falling due after more than one year		2,624,240		2,624,240	
Investments	13				
falling due within one year		269,938,165		419,401,190	
falling due after more than one year		111,164,223		-	
Cash at bank and in hand		13,308,543		2,984,901	
		415,852,988		434,980,301	
Creditors: amounts falling due within one year	14	(13,071,342)		(130,963,692)	
Net current assets			402,781,646		304,016,609
Total assets less current liabilities			410,034,301		309,606,165
Creditors: amounts falling due after more than one year	15		(111,164,223)		-
Provisions for liabilities	16		(25,575)		(23,687)
Net assets			298,844,503		309,582,478
Capital and reserves					
Called up share capital	18		20,000		20,000
Share premium account	19		84,000		84,000
Revaluation reserve	19		1,817,099		-
Profit and loss account	19		296,923,404		309,478,478
Shareholders' funds	20		298,844,503		309,582,478

These accounts were approved by the directors on 30 December 2014, and are signed on their behalf by:


P Kavanagh
Director

Registration number 04330671

The notes on pages 10 to 26 form an integral part of these financial statements.

Highstone Group Limited

Company Balance Sheet as at 31 March 2014

		2014		2013	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		5,339		-
Investments	11		3,088,251		3,108,251
			<u>3,093,590</u>		<u>3,108,251</u>
Current assets					
Debtors	12				
falling due within one year		20,522,442		10,659,314	
falling due after more than one year		2,624,240		2,624,240	
Investments	13	269,938,165		301,401,190	
Cash at bank and in hand		13,253,002		2,875,322	
		<u>306,337,849</u>		<u>317,560,066</u>	
Creditors: amounts falling due within one year	14	(11,355,779)		(66,892,859)	
Net current assets			<u>294,982,070</u>		<u>250,667,207</u>
Total assets less current liabilities			<u>298,075,660</u>		<u>253,775,458</u>
Net assets			<u><u>298,075,660</u></u>		<u><u>253,775,458</u></u>
Capital and reserves					
Called up share capital	18		20,000		20,000
Profit and loss account	19		298,055,660		253,755,458
Shareholders' funds	20		<u><u>298,075,660</u></u>		<u><u>253,775,458</u></u>

These accounts were approved by the directors on 30 December 2014, and are signed on their behalf by:


P Kavanagh
Director

Registration number 04330671

The notes on pages 10 to 26 form an integral part of these financial statements.

Highstone Group Limited

Consolidated cash flow statement for the year ended 31 March 2014

	Notes	2014 £	2013 £
Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities			
Operating (loss)/profit		(15,291,680)	13,933,695
Depreciation and loss on disposal		303,641	1,179,292
(Increase)/decrease in debtors		(6,101,859)	259,879
Increase in creditors		9,591,545	165,788
Net cash (outflow)/inflow from operating activities		(11,498,353)	15,538,654
Cash flow statement			
Net cash (outflow)/inflow from operating activities		(11,498,353)	15,538,654
Returns on investments and servicing of finance	23	(4,166)	(39,129)
Taxation	23	(2,095,225)	(5,522,952)
Capital expenditure	23	(149,640)	3,194,907
		(13,747,384)	13,171,480
Management of liquid resources	23	38,298,802	(52,878,754)
Financing	23	(14,227,776)	(2,598,674)
Increase/(decrease) in cash in the year		10,323,642	(42,305,948)
Reconciliation of net cash flow to movement in net debt (Note 24)			
Increase/(decrease) in cash in the year		10,323,642	(42,305,948)
Cash inflow from increase in debts and lease financing		14,227,776	2,598,674
Cash outflow from increase / inflow from decrease in liquid resources		(38,298,802)	52,878,754
Change in net debt resulting from cash flows		(13,747,384)	13,171,480
Net funds at 1 April 2013		296,984,765	283,813,285
Net funds at 31 March 2014		283,237,381	296,984,765

Highstone Group Limited

Notes to the financial statements for the year ended 31 March 2014

1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and preceeding year.

1.1. Prior period adjustment

The company has revised the presentation of interest receivable within the consolidated profit and loss account as they feel the revised presentation is more appropriate. In the prior year deposit interest and investment income of £13,069,360 was disclosed as non-operating interest receivable, this has now been reclassified as the investment group's turnover. The restatement does not result in a change of net assets or profit for the year.

1.2. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets and financial instruments, and in accordance with applicable accounting standards.

1.3. Revenue recognition

Net interest income is reflected in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period.

1.4. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties, at rates calculated to write off the cost or valuation, less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

Plant and machinery	-	10 years
Fixtures and fittings	-	10 years
Computer equipment	-	3 years

Highstone Group Limited

Notes to the financial statements for the year ended 31 March 2014

..... continued

1.5. Investment properties

Investment properties are revalued annually. Any surplus or deficit on individual properties is transferred to the revaluation reserve, unless a deficit is expected to be permanent. Permanent deficits in excess of any previously recognised surplus on the same property (or the reversal of such a deficit) are charged (or credited) to the profit and loss account.

Depreciation is not provided in respect of investment properties. The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with generally accepted accounting principles. The director considers that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view as required under SSAP 19 Accounting for investment properties.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount, which might otherwise have been shown, cannot be separately identified.

1.6. Investments

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

Current asset investments are at the lower of cost and net realisable value.

1.7. Pensions

The pension costs charged in the financial statements represent the contribution payable by the group during the year.

For Self Invested Personal Pension contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Highstone Group Limited
Notes to the financial statements
for the year ended 31 March 2014

..... continued

1.8. Taxation

Current tax, being UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets.

Deferred tax is measured on a non-discounted basis.

1.9. Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the profit and loss account. Exchange differences arising on non-monetary items, carried at fair value, are included in the profit and loss account, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Highstone Group Limited

Notes to the financial statements for the year ended 31 March 2014

..... continued

1.10. Financial instruments

Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. All purchases and sales of investments are recognised using trade date accounting.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit and loss account. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is disposed of or until its value is impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the right to receive dividends is established.

Investments classified as held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss account when the investment is derecognised, or impaired, as well as through the amortisation process.

Investments are fair valued using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the balance sheet date.

Trade and other debtors

Trade and other debtors are recognised and carried at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Highstone Group Limited

Notes to the financial statements for the year ended 31 March 2014

..... continued

Derivative financial instruments

The Company uses a number of derivative financial instruments such as foreign currency contracts to hedge its risks associated with interest rate and currency fluctuation risk. Such derivative financial instruments are always stated at their fair value.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each subsequent period end. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the profit and loss account.

Embedded derivatives are separated from their host contract and are recorded immediately in the profit and loss account when their economic characteristics and risks are not closely related to the host contract and the hybrid instrument itself is not measured at fair value.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2. Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the UK.

	2014	2013
		As restated
	£	£
Class of business		
Bank interest receivable	10,554,904	9,296,977
Other interest receivable	53,204	6,000
Investment income	2,687,841	3,766,383
Rents receivable	994,405	1,003,683
	<u>14,290,354</u>	<u>14,073,043</u>

Highstone Group Limited

Notes to the financial statements for the year ended 31 March 2014

..... continued

3. Operating (loss)/profit	2014	2013
	£	£
Operating (loss)/profit is stated after charging:		
Losses on financial liabilities at fair value through the profit and loss	12,937,883	-
Loss on available for sale investments	2,768,591	904,105
Bank interest payable	2,790,996	3,575,415
Depreciation and other amounts written off tangible assets	292,791	319,819
Loss on disposal of tangible fixed assets	10,850	859,473
Net foreign exchange loss	8,955,200	-
Auditors' remuneration (Note 4)	12,480	12,175
and after crediting:		
Net foreign exchange gain	-	6,847,189
4. Auditors' remuneration	2014	2013
	£	£
Auditors' remuneration - audit of the financial statements	12,480	12,175
Auditors' remuneration - other fees:		
- taxation compliance services	3,000	-
- accountancy fees	11,625	-
	14,625	-
5. Interest receivable and similar income	2014	2013
		As restated
	£	£
Bank interest	49	-
Other interest	812	-
	861	-
6. Interest payable and similar charges	2014	2013
		As restated
	£	£
Interest on quarterly payment of taxes	5,027	39,129

Highstone Group Limited

Notes to the financial statements for the year ended 31 March 2014

..... continued

7. Employees

Number of employees	2014	2013
The average monthly numbers of employees (including the directors) during the year were:		
Management and administration	<u>15</u>	<u>15</u>
Employment costs	2014	2013
	£	£
Wages and salaries	1,088,162	548,446
Social security costs	54,176	54,628
Pension contributions	-	50,000
	<u>1,142,338</u>	<u>653,074</u>

7.1. Directors' remuneration

	2014	2013
	£	£
Remuneration and other emoluments	828,360	238,679
Pension contributions	-	50,000
	<u>828,360</u>	<u>288,679</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>

Highest paid director	£	£
Amounts included above:		
Emoluments and other benefits	828,360	238,679
Pension contributions	-	50,000
	<u>828,360</u>	<u>288,679</u>

8. Pension costs

The group contributes to an employees Self Invested Personal Pension scheme. The scheme and its assets are held by independent managers. The pension charge to the profit and loss represents contributions from the company as incurred and amounted to £- (2013 - £50,000).

Highstone Group Limited

Notes to the financial statements for the year ended 31 March 2014

..... continued

9. Tax on (loss)/profit on ordinary activities

Analysis of charge in period	2014 £	2013 £
Current tax		
UK corporation tax	-	3,591,672
Adjustments in respect of previous periods	(2,742,660)	5
	<u>(2,742,660)</u>	<u>3,591,677</u>
Total current tax charge	<u>(2,742,660)</u>	<u>3,591,677</u>
Deferred tax		
Timing differences, origination and reversal	1,888	(48,883)
Total deferred tax	<u>1,888</u>	<u>(48,883)</u>
Tax on (loss)/profit on ordinary activities	<u>(2,740,772)</u>	<u>3,542,794</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (23.00 per cent). The differences are explained below:

	2014 £	2013 £
(Loss)/profit on ordinary activities before taxation	<u>(15,295,846)</u>	<u>13,894,566</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.00% (31 March 2013 : 24.00%)	(3,518,045)	3,334,696
Effects of:		
Expenses not deductible for tax purposes	667,711	219,503
Utilisation of tax losses	2,631,439	-
Adjustments to tax charge in respect of previous periods	(2,742,660)	6
Unrelieved tax losses	216,396	-
Movement in shortterm timing differences	4,387	(11,411)
Current tax charge for period	<u>(2,740,772)</u>	<u>3,542,794</u>

Factors that may affect future tax charges

No provision has been made for deferred tax on revaluing property to its market value. The tax on gains arising from the revaluation would only become payable if the property were sold without rollover relief being available. The tax at 21% which would become payable in such circumstances is estimated to be £382,000 (2013: £nil).

Highstone Group Limited

Notes to the financial statements for the year ended 31 March 2014

..... continued

10. Tangible fixed assets - Group	Investment property £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost or valuation				
At 1 April 2013	4,932,901	1,947,548	936,976	7,817,425
Additions	-	-	154,088	154,088
Revaluation	1,817,099	-	-	1,817,099
Disposals	-	(33,379)	(73,144)	(106,523)
At 31 March 2014	<u>6,750,000</u>	<u>1,914,169</u>	<u>1,017,920</u>	<u>9,682,089</u>
Depreciation				
At 1 April 2013	-	1,504,983	722,886	2,227,869
On disposals	-	(29,109)	(62,116)	(91,225)
Charge for the year	-	194,755	98,035	292,790
At 31 March 2014	<u>-</u>	<u>1,670,629</u>	<u>758,805</u>	<u>2,429,434</u>
Net book values				
At 31 March 2014	<u>6,750,000</u>	<u>243,540</u>	<u>259,115</u>	<u>7,252,655</u>
At 31 March 2013	<u>4,932,901</u>	<u>442,565</u>	<u>214,090</u>	<u>5,589,556</u>

The value of the investment property at 31 March 2014 has been considered by C Dalzell who is a director of the company and member of the Royal Institute of Chartered Surveyors. He regards the current open market value of the company above to be not materially different from the amount disclosed.

Tangible fixed assets included at a valuation would have been included on a historical cost basis at:

	2014 £	2013 £
Cost	7,864,990	7,817,425
Depreciation	(2,429,434)	(2,227,869)
Net book value	<u>5,435,556</u>	<u>5,589,556</u>

Highstone Group Limited

Notes to the financial statements for the year ended 31 March 2014

..... continued

10. Tangible fixed assets - Company	Fixtures, fittings and equipment £	Total £
Cost/revaluation		
Additions	5,339	5,339
At 31 March 2014	5,339	5,339
Net book values		
At 31 March 2014	5,339	5,339
At 31 March 2013	-	-

11. Fixed asset investments - Company	Subsidiary undertakings shares £	Total £
Cost		
At 1 April 2013		
At 31 March 2014	3,108,251	3,108,251
Provisions for diminution in value:		
Movement	20,000	20,000
At 31 March 2014	20,000	20,000
Net book values		
At 31 March 2014	3,088,251	3,088,251
At 31 March 2013	3,108,251	3,108,251

Highstone Group Limited

Notes to the financial statements for the year ended 31 March 2014

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11.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Nature of business		
Subsidiary undertaking			
Highstone Estates (Harrogate) Limited	Ceased trading 31 March 2014		
Highstone Estates (City Square) Limited	Property investment and operation of high quality managed apartments		
Highstone Estates (Kidderminster) Limited	Property and related investments		
	Country of registration or incorporation	Shares held class	Proportion of shares held
Highstone Estates (Harrogate) Limited	Great Britain	Ordinary	100%
Highstone Estates (City Square) Limited	Great Britain	Ordinary	100%
Highstone Estates (Kidderminster) Limited	Great Britain	Ordinary	100%

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
	£	£
Highstone Estates (Harrogate) Limited	-	(104,000)
Highstone Estates (City Square) Limited	3,579,364	(72,244)
Highstone Estates (Kidderminster) Limited	277,728	611,694

Highstone Group Limited

Notes to the financial statements for the year ended 31 March 2014

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12. Debtors	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	74,176	157,443	-	-
Amounts owed by group undertakings	-	-	3,800,472	3,760,158
Other debtors	2,811,438	4,305	2,748,286	-
Prepayments and accrued income	15,932,203	9,808,222	13,973,684	6,899,156
	<u>18,817,817</u>	<u>9,969,970</u>	<u>20,522,442</u>	<u>10,659,314</u>

Amounts falling due after more than one year:

Other debtors	2,624,240	2,624,240	2,624,240	2,624,240
	<u>21,442,057</u>	<u>12,594,210</u>	<u>23,146,682</u>	<u>13,283,554</u>

13. Current asset investments	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Other unlisted investments	269,938,165	301,401,190	269,938,165	301,401,190
Fixed term deposits				
- maturity within one year	-	118,000,000	-	-
- maturity after one year	111,164,223	-	-	-
	<u>381,102,388</u>	<u>419,401,190</u>	<u>269,938,165</u>	<u>301,401,190</u>

Highstone Group Limited

Notes to the financial statements for the year ended 31 March 2014

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14. Creditors: amounts falling due within one year	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loan	-	118,000,000	-	-
Unsecured loan	9,327	7,401,326	9,327	7,401,326
Trade creditors	45,677	15,051	-	-
Amounts owed to group undertaking	-	-	-	56,660,433
Corporation tax	-	2,091,896	-	1,973,167
Other taxes and social security costs	9,861	53,268	1,468	13,752
Other creditors	825,438	819,061	819,061	819,061
Derivative financial instruments	10,511,678	-	10,511,678	-
Accruals and deferred income	1,669,361	2,583,090	14,245	25,120
	<u>13,071,342</u>	<u>130,963,692</u>	<u>11,355,779</u>	<u>66,892,859</u>

The bank loan is secured on a specific fixed term bank deposit held within current asset investments.

14.1. Forward foreign exchange contracts

It is the policy of the group to enter into forward foreign exchange contracts to manage risks associated with fluctuations in foreign currencies. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place. Upon maturity of a forward contract, the group may enter in a new contract designated into a separate hedging relationship.

The following table details the forward foreign currency contracts outstanding at the year end.

	Average Exchange 2014	Foreign Currency 2014	Contract Value 2014 £	Fair Value 2014 £
Buy Canadian Dollars				
- 3 to 6 months	1.700	46,597,500	30,000,000	25,296,042
Buy Singapore Dollars				
- 3 to 6 months	1.997	66,357,000	35,000,000	31,733,179
Buy US Dollars				
- 3 to 6 months	1.599	53,994,500	35,000,000	32,459,101
			<u>100,000,000</u>	<u>89,488,322</u>

Highstone Group Limited

Notes to the financial statements for the year ended 31 March 2014

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15. Creditors: amounts falling due after more than one year	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loan	111,164,223	-	-	-
	<u>111,164,223</u>	<u>-</u>	<u>-</u>	<u>-</u>
16. Provisions for liabilities				
			Deferred taxation (Note 17)	Total
			£	£
At 1 April 2013			23,687	23,687
Movements in the year			1,888	1,888
At 31 March 2014			<u>25,575</u>	<u>25,575</u>
17. Provision for deferred taxation	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Accelerated capital allowances	25,575	23,687	-	-
Provision for deferred tax	<u>25,575</u>	<u>23,687</u>	<u>-</u>	<u>-</u>
Provision at 1 April 2013	23,687		-	
Deferred tax charge in profit and loss account	1,888		-	
Provision at 31 March 2014	<u>25,575</u>		<u>-</u>	

Highstone Group Limited

Notes to the financial statements for the year ended 31 March 2014

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18. Share capital			2014	2013
			£	£
Allotted, called up and fully paid				
20,000 Ordinary shares of £1 each			<u>20,000</u>	<u>20,000</u>
Equity Shares				
20,000 Ordinary shares of £1 each			<u>20,000</u>	<u>20,000</u>
19. Equity Reserves	Share premium account	Revaluation reserve	Profit and loss account	Total
	£	£	£	£
At 1 April 2013	84,000	-	309,478,478	309,562,478
Revaluation of property	-	1,817,099	-	1,817,099
Loss for the year	-	-	(12,555,074)	(12,555,074)
At 31 March 2014	<u>84,000</u>	<u>1,817,099</u>	<u>296,923,404</u>	<u>298,824,503</u>
20. Reconciliation of movements in shareholders' funds			2014	2013
			£	£
(Loss)/profit for the year			(12,555,074)	10,351,772
Other recognised gains or losses			<u>1,817,099</u>	-
Net deduction from/addition to shareholders' funds			(10,737,975)	10,351,772
Opening shareholders' funds			<u>309,582,478</u>	<u>299,230,706</u>
Closing shareholders' funds			<u>298,844,503</u>	<u>309,582,478</u>
21. Related party transactions				
Included within creditors due within one year is a non interest bearing loan of £9,327 owed to Mr P Sykes (2013: £7,401,326), who is the sole shareholder. This loan is repayable on demand.				
At the year-end, and during the year, the directors regarded Highstone Group Limited as the ultimate parent company. The company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group.				

Highstone Group Limited

Notes to the financial statements for the year ended 31 March 2014

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22. Controlling interest

Mr P Sykes is the sole shareholder of Highstone Group Limited. The directors regard Mr P Sykes as the ultimate controlling party of the company.

23. Gross cash flows

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	861	-
Interest paid	(5,027)	(39,129)
	<u>(4,166)</u>	<u>(39,129)</u>
Taxation		
Corporation tax paid	(2,095,225)	(5,522,952)
Capital expenditure		
Payments to acquire tangible assets	(154,088)	(6,105)
Receipts from sales of tangible assets	4,448	3,201,012
	<u>(149,640)</u>	<u>3,194,907</u>
Management of Liquid Resources		
Receipts from sales of short term investments	213,745,119	216,522,436
Payments to acquire short term investments	(175,446,317)	(269,401,190)
	<u>38,298,802</u>	<u>(52,878,754)</u>
Financing		
New long term bank loan	111,164,223	-
New short term bank loan	-	118,000,000
Other new short term loans	-	7,401,326
Repayment of short term bank loan	(118,000,000)	(128,000,000)
Repayment of other short term loans	(7,391,999)	-
	<u>(14,227,776)</u>	<u>(2,598,674)</u>

Highstone Group Limited

Notes to the financial statements for the year ended 31 March 2014

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24. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	2,984,901	10,323,642	13,308,543
Liquid resources	419,401,190	(38,298,802)	381,102,388
Debt due within one year	(125,401,326)	125,391,999	(9,327)
Debt due after one year	-	(111,164,223)	(111,164,223)
	(125,401,326)	14,227,776	(111,173,550)
Net funds	296,984,765	(13,747,384)	283,237,381