

Company Registration No. 5163028 (England and Wales)

HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)

ANNUAL REPORT

FOR THE PERIOD ENDED 31 MARCH 2005

HLB **AV**audit



HILSTONE LAND LIMITED

DIRECTORS AND ADVISERS

Directors	A M Brookes	(Appointed 25 June 2004)
	M C T Bokenham	(Appointed 25 June 2004)
	P A Burroughs	(Appointed 6 August 2004)
	M J Bell	(Appointed 6 August 2004)
	C G Little	(Appointed 6 August 2004)
Secretary	A M Brookes	
Company number	5163028	
Registered office	Suite 3, 6th floor, Berkeley Square House, Berkeley Square London W1J 6BR	
Registered auditors	HLB AV Audit plc 66 Wigmore Street London W1U 2SB	

HILSTONE LAND LIMITED (FORMERLY KENSAND LIMITED) CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Consolidated profit and loss account	4
Balance sheets	5
Consolidated cash flow statement	6
Notes to the consolidated cash flow statement	7 - 8
Notes to the financial statements	9 - 20

HILSTONE LAND LIMITED

(FORMERLY KENSAND LIMITED)

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2005

The directors present their report and financial statements for the period ended 31 March 2005.

Directors

The following directors have held office since 25 June 2004:

A M Brookes	(Appointed 25 June 2004)
M C T Bokenham	(Appointed 25 June 2004)
P A Burroughs	(Appointed 6 August 2004)
M J Bell	(Appointed 6 August 2004)
C G Little	(Appointed 6 August 2004)

Principal activities and review of the business

The company was incorporated on 25 June 2004 as Kensand Limited and changed its name on 24 August 2004.

The principal activity of the company is that of a holding company.

The results for the period and the financial position at the period end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The consolidated profit and loss account for the period is set out on page 4.

The directors do not recommend a dividend.

Directors' interests

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

	A Ordinary Shares of 10p each	
	31 March 2005	1 April 2004
A M Brookes	37,500	-
M C T Bokenham	37,500	-
P A Burroughs	-	-
M J Bell	-	-
C G Little	-	-

	C Ordinary Shares of 10p each	
	31 March 2005	25 June 2004
A M Brookes	12,500	-
M C T Bokenham	12,500	-
P A Burroughs	-	-
M J Bell	-	-
C G Little	-	-

The directors do not hold an interest in the shares of any of the group companies.

Auditors

HLB AV Audit plc 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.

**HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2005**

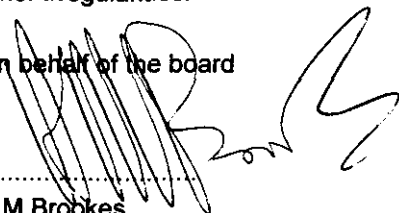
Directors' responsibilities

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 group and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



A M Brookes

Director

25/1/06

**HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF HILSTONE LAND LIMITED**

We have audited the financial statements of Hilstone Land Limited on pages 4 to 20 for the period ended 31 March 2005. 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 directors and auditors

As described in the statement of directors' responsibilities on page 2 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 or 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 and the group'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 and the group's affairs as at 31 March 2005 and of the group's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

HLB AV Audit plc

HLB AV Audit plc

27/1/06

Registered Auditor

66 Wigmore Street
London
W1U 2SB

HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2005

	Notes	Period ended 31 March 2005 £
Turnover	2	9,286,195
Gross profit		9,286,195
Administrative expenses		(4,488,258)
Operating profit	3	4,797,937
Profit on sale of property		786,397
Profit on ordinary activities before interest		5,584,334
Other interest receivable and similar income		83,860
Interest payable and similar charges	4	(8,421,079)
(Loss)/profit on ordinary activities before taxation		(2,752,885)
Tax on (loss)/profit on ordinary activities	5	681,423
(Loss)/profit on ordinary activities after taxation		(2,071,462)

The profit and loss 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 profit and loss account.

**HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
BALANCE SHEETS
AS AT 31 MARCH 2005**

	Notes	Group 2005 £	Company 2005 £
Fixed assets			
Intangible assets	7	1,115,251	-
Tangible assets	8	84,508,773	-
Investments	9	-	128,624,302
		<u>85,624,024</u>	<u>128,624,302</u>
Current assets			
Stocks	11	48,736,088	-
Debtors	12	2,205,767	4,473,118
Cash at bank and in hand		3,591,604	1,159,096
		<u>54,533,459</u>	<u>5,632,214</u>
Creditors: amounts falling due within one year	13	<u>(5,249,781)</u>	<u>(2,226,556)</u>
Net current assets		<u>49,283,678</u>	<u>3,405,658</u>
Total assets less current liabilities		134,907,702	132,029,960
Creditors: amounts falling due after more than one year	14	(132,188,031)	(132,188,031)
Provisions for liabilities and charges	15	<u>(4,691,133)</u>	-
		<u>(1,971,462)</u>	<u>(158,071)</u>
Capital and reserves			
Called up share capital	16	10,000	10,000
Share premium account	17	90,000	90,000
Profit and loss account	17	<u>(2,071,462)</u>	<u>(258,071)</u>
	18	<u>(1,971,462)</u>	<u>(158,071)</u>
Equity interests		<u>(1,971,462)</u>	<u>(158,071)</u>
Non-equity interests		-	-
		<u>(1,971,462)</u>	<u>(158,071)</u>

The financial statements were approved by the board on 25/01/06

A M Brookes
Director

HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2005

		Period ended 31 March 2005 £
Net cash inflow/(outflow) from operating activities		3,525,562
Returns on investments and servicing of finance		
Interest received	83,860	
Interest paid	(8,302,768)	
Net cash outflow for returns on investments and servicing of finance		(8,218,908)
Capital expenditure		
Receipts from sales of tangible assets	72,620,412	
Net cash inflow/(outflow) for capital expenditure		72,620,412
Acquisitions and disposals		
Purchase of subsidiary undertakings	(24,897,302)	
Net cash acquired with subsidiary undertakings	2,719,995	
Net cash outflow for acquisitions and disposals		(22,177,307)
Net cash inflow/(outflow) before management of liquid resources and financing		45,749,759
Financing		
Issue of ordinary share capital	100,000	
Issue of shares	100,000	
Issue of loan stock	10,000,000	
New long term bank loan	195,079,720	
Repayment of long term bank loan	(72,500,000)	
Repayment of loans acquired on purchase of subsidiary undertakings	(174,838,738)	
Increase/decrease) in debt	(42,259,018)	
Net cash inflow/(outflow) from financing		(42,159,018)
Increase/(decrease) in cash in the period		3,590,741

HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2005

1	Reconciliation of operating profit to net cash outflow from operating activities	2005
		£
	Operating profit	4,797,937
	Decrease/(increase) in debtors	(1,500,377)
	(Decrease)/Increase in creditors within one year	228,002
	Net cash outflow from operating activities	3,525,562

2	Analysis of net debt	25 June 2004	Cash flow	Acquisition 31 March 2005 (excluding cash and overdrafts)
		£	£	£
	Net cash:			
	Cash at bank and in hand	-	3,591,604	-
	Bank overdrafts	-	(863)	-
		-	3,590,741	(3,590,741)
	Debts falling due after one year	-	42,259,018	(174,838,738)
	Net debt	-	45,849,759	(174,838,738)

3	Reconciliation of net cash flow to movement in net debt	2005
		£
	(Decrease)/increase in cash in the period	3,590,741
	Cash (inflow)/outflow from (increase)/decrease in debt	62,259,018
	Loans acquired with subsidiaries	(174,838,738)
	Movement in net debt in the period	(108,988,979)
	Opening net debt	-
	Closing net debt	(128,988,979)

HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2005

4 Acquisition of subsidiary undertakings	2005
	£
Net assets acquired	
Tangible fixed assets	155,450,000
Stocks	39,698,450
Debtors	705,390
Cash	2,719,995
Creditors within one year	(4,594,207)
Creditors over one year	(174,838,738)
Provision for liabilities and charges	(1,946,531)
	<u>17,194,359</u>
Satisfied by	
Shares allotted	100,000
Cash	<u>17,094,359</u>
	<u>17,194,359</u>

**HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2005**

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

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 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 2005. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents service charges, rental income and property proceeds net of VAT.

Profit on the sale of properties is recognised on completion of the sale.

1.5 Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets of businesses acquired.

Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful life.

1.6 Leasing

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

1.7 Investments

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

1.8 Stock

Stock is valued at the lower of cost and net realisable value.

1.9 Deferred taxation

Where material, deferred tax is provided in full, as required by FRS 19 - Deferred Tax, in respect of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is not discounted.

HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2005

1 Accounting policies **(continued)**

1.10 Investment properties

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

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.

2 Turnover

The total turnover of the group for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit **2005**
£

Operating profit is stated after charging:

Operating lease rentals	59,021
Auditors' remuneration (company £20,000)	51,000
	110,021

4 Interest payable **2005**
£

On bank loans and overdrafts	6,786,004
Other interest	1,516,764
Finance charge allocated on bank loan	118,311
	8,421,079

HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2005

5	Taxation	2005
		£
	Domestic current year tax	
	Adjustment for prior years	(91,666)
	Current tax charge	(91,666)
	Deferred tax	
	Deferred tax charge for the year	(696,124)
	Deferred tax adjust re previous year	106,367
		(681,423)
	Factors affecting the tax charge for the period	
	(Loss)/profit on ordinary activities before taxation	(2,752,885)
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00%	(825,866)
	Effects of:	
	Non deductible expenses	1,149,801
	Capital allowances	(200,068)
	Adjustments to previous periods	(91,666)
	Chargeable disposals	229,412
	Other tax adjustments	(353,279)
		734,200
	Current tax charge	(91,666)

6 Loss for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows:

	2005
	£
Holding company's loss for the financial year	(258,071)

HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2005

7 Intangible fixed assets

Group

Goodwill
£

Cost

At 25 June 2004

-

Additions

1,115,251

At 31 March 2005

1,115,251

Net book value

At 31 March 2005

1,115,251

8 Tangible fixed assets

Investment properties

Group
£

Company
£

Cost

At 25 June 2004

-

-

Additions

156,334,413

-

Disposals

(71,825,640)

-

At 31 March 2005

84,508,773

-

The historic cost of the group's investment properties is £84,508,773.

HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2005

Fixed asset investments

Company

	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost			
At 25 June 2004	-	-	-
Additions	24,897,302	176,227,000	201,124,302
Disposals	-	(72,500,000)	(72,500,000)
	<u>24,897,302</u>	<u>103,727,000</u>	<u>128,624,302</u>
At 31 March 2005	24,897,302	103,727,000	128,624,302

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 20%

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

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Hilstone Properties Limited	England & Wales	Ordinary	100
Hilstone Property Investments Limited (a)	England & Wales	Ordinary	100
Hilstone (Letchworth) Limited (a)	England & Wales	Ordinary	100
Hilstone Property Holdings Limited (a)	England & Wales	Ordinary	100
Chilton Land and Property Limited (b)	England & Wales	Ordinary	100
Hilstone Properties (Cardiff) Limited (b)	England & Wales	Ordinary	100
Hilstone Properties (Bracknell) Limited (b)	England & Wales	Ordinary	100
Commerce International Properties Limited (c)	Gibraltar	Ordinary	100
City Property Investment Company Limited (c)	Gibraltar	Ordinary	100
Victoria Property Company Limited (c)	Gibraltar	Ordinary	100
Moonbound Limited	England & Wales	Ordinary	100

HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2005

9 Fixed asset investments

(continued)

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Hilstone Properties Limited	Property
Hilstone Property Investments Limited (a)	Property
Hilstone (Letchworth) Limited (a)	Property
Hilstone Property Holdings Limited (a)	Holding company
Chilton Land and Property Limited (b)	Property
Hilstone Properties (Cardiff) Limited (b)	Property
Hilstone Properties (Bracknell) Limited (b)	Property
Commerce International Properties Limited (c)	Property
City Property Investment Company Limited (c)	Dormant
Victoria Property Company Limited (c)	Dormant
Moonbound Limited	Dormant

(a) These companies are fully owned subsidiaries of Hilstone Properties Limited

(b) These companies are fully owned subsidiaries of Hilstone Property Investments Limited

(c) These companies are fully owned subsidiaries of Hilstone Property Holdings Limited

HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2005

10 Acquisition of businesses

On 6 August 2004 the company acquired the Sackville Properties Plc group for a total consideration of £24,897,302. Goodwill arising on the acquisition has been capitalised and will be written off in accordance with the group's accounting policy. The investment has been included in the company's balance sheet at its fair value at the date of acquisition.

The net assets acquired are summarised below:

	Book value	Revaluation (see below)	Fair value of assets/ (liabilities) acquired
	£	£	£
Investment properties	155,450,000	884,413	156,334,413
Stocks	39,698,450	9,037,638	48,736,088
Debtors	705,390	-	705,390
Cash	2,719,995	-	2,719,995
Creditors falling due within one year	(4,594,207)	-	(4,594,207)
Creditors falling due after more than one year	(174,838,738)	-	(174,838,738)
Provisions for liabilities and charges	(1,946,531)	(3,334,359)	(5,280,890)
Net assets	17,194,359	6,587,692	23,782,051
Goodwill arising on acquisition			1,115,251
Consideration (including acquisition costs)			24,897,302

On acquisition the book values of the net assets acquired were adjusted to reflect their fair value. The properties, which are held in both fixed assets and stock, owned by the companies acquired were revalued to their open market value at the date of acquisition. Following this, a provision was made to recognise the eventual tax payable when these properties are sold.

11 Stocks

	Group	Company
	2005	2005
	£	£
Properties	48,736,088	-

HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2005

12 Debtors

	Group 2005 £	Company 2005 £
Trade debtors	1,078,226	-
Amounts owed by group undertakings	-	4,331,661
Other debtors	1,116,139	141,457
Prepayments and accrued income	11,402	-
	<u>2,205,767</u>	<u>4,473,118</u>

13 Creditors : amounts falling due within one year

	Group 2005 £	Company 2005 £
Bank loans and overdrafts	863	-
Taxes and social security costs	178,148	28,275
Other creditors	719,990	295,029
Accruals and deferred income	4,350,780	1,903,252
	<u>5,249,781</u>	<u>2,226,556</u>

HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2005

14 Creditors : amounts falling due after more than one year

	Group 2005 £	Company 2005 £
Loan stock	10,000,000	10,000,000
Bank loans	97,188,031	97,188,031
Other loans	25,000,000	25,000,000
	<u>132,188,031</u>	<u>132,188,031</u>

Analysis of loans

Not wholly repayable within five years by instalments:

Wholly repayable within five years	132,188,031	132,188,031
	<u>132,188,031</u>	<u>132,188,031</u>

Loan maturity analysis

In more than one year but not more than two years	22,500,000	22,500,000
In more than two years but not more than five years	100,079,720	100,079,720
	<u>122,579,720</u>	<u>122,579,720</u>

The loan stock is redeemable on 4 August 2009 and bears interest at 4% per annum.

The group's loan with Century Life plc is repayable in full on 4 March 2009. Interest is calculated at 1.25% above the Century Life plc base rate. Security has been given by way of legal charges over certain of the group's properties. At the year end the balance on this loan was £25,000,000.

The group's loan with Nationwide Building Society has a year end balance of £97,579,720 from a total drawdown of £170,079,720. The loan has certain repayment conditions:

- 1) The total loan drawdown must be reduced by £55,000,000 on 15 July 2005
- 2) By 15 July 2006, the total loan drawdown must be reduced by £95,000,000
- 3) The loan must be repaid in full on 4 March 2009.

Interest on the Nationwide Building Society loan is calculated by applying the bank's margin percentage to LIBOR. The margin percentage applied varies depending on the value of certain of the properties owned by the group subject to a maximum of 1.15% and a minimum of 1.05%.

Security on this loan has been given by way of legal charges over certain of the group's properties.

HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2005

15 Provisions for liabilities and charges
Group

	Deferred tax liability £	Other £	Total £
Balance at 25 June 2004	1,946,531	-	1,946,531
Profit and loss account	(589,757)	3,334,359	2,744,602
Balance at 31 March 2005	<u>1,356,774</u>	<u>3,334,359</u>	<u>4,691,133</u>

The deferred tax liability is made up as follows:

	Group 2005 £	Company 2005 £
Accelerated capital allowances	<u>1,356,774</u>	<u>-</u>

16 Share capital

Authorised

75,000 A Ordinary of 10p each	7,500
100,000 B Ordinary of 10p each	10,000
25,000 C Ordinary of 10p each	2,500
	<u>20,000</u>

Allotted, called up and fully paid

75,000 A Ordinary of 10p each	7,500
25,000 C Ordinary of 10p each	2,500
	<u>10,000</u>

On incorporation, two £1 ordinary shares were issued at par. On 6 August 2004 the authorised share capital was increased from £1,000 to £20,000 and then subdivided and redesignated to 75,000 "A" ordinary shares of 10p each, 100,000 "B" ordinary shares of 10p each and 25,000 "C" ordinary shares of 10p each. On the same day, 75,000 "A" shares and 25,000 "C" shares were issued. The "A", "B" and "C" shares rank pari passu in all respects.

HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2005

17 Statement of movements on reserves
Group

	Share premium account £	Profit and loss account £
Retained loss for the period	-	(2,071,462)
Premium on shares issued during the year	90,000	-
	<u>90,000</u>	<u>(2,071,462)</u>
Balance at 31 March 2005	<u>90,000</u>	<u>(2,071,462)</u>

Company

	Share premium account £	Profit and loss account £
Retained loss for the year	-	(258,071)
Premium on shares issued during the year	90,000	-
	<u>90,000</u>	<u>(258,071)</u>
Balance at 31 March 2005	<u>90,000</u>	<u>(258,071)</u>

18 Reconciliation of movements in shareholders' funds
Group

	2005 £
Loss for the financial period	(2,071,462)
Proceeds from issue of shares	100,000
	<u>(1,971,462)</u>
Net depletion in shareholders' funds	(1,971,462)
Opening shareholders' funds	-
	<u>(1,971,462)</u>
Closing shareholders' funds	<u>(1,971,462)</u>

	2005 £
Loss for the financial year	(258,071)
Proceeds from issue of shares	100,000
	<u>(158,071)</u>
Net depletion in shareholders' funds	(158,071)
Opening shareholders' funds	-
	<u>(158,071)</u>
Closing shareholders' funds	<u>(158,071)</u>

HILSTONE LAND LIMITED
(FORMERLY KENSAND LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2005

19 Employees

Number of employees

There were no employees during the period apart from the directors

20 Control

The company is controlled by its directors.

21 Related party transactions

Group and company

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

At the year end the group owed £500 to Hilstone Corporation Limited, a company which shares common directors with Hilstone Land Limited.