

Company Registration No. 5163028 (England and Wales)

HILSTONE LAND LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2008

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HILSTONE LAND LIMITED

DIRECTORS AND ADVISERS

Directors	A M Brookes M C T Bokenham P A Burroughs
Secretary	A M Brookes
Company number	5163028
Registered office	5th Floor 1 Great Cumberland Place London W1H 7AL
Registered auditors	HLB Vantis Audit plc 66 Wigmore Street London W1U 2SB

HILSTONE LAND LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Consolidated profit and loss account	5
Balance sheets	6
Consolidated cash flow statement	7
Notes to the consolidated cash flow statement	8
Notes to the financial statements	9 - 18

HILSTONE LAND LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2008

The directors present their report and financial statements for the year ended 31 March 2008.

Directors

The following directors have held office since 1 April 2007:

A M Brookes

M C T Bokenham

P A Burroughs

M J de H Bell

(Resigned 15 February 2008)

C G Little

(Resigned 15 February 2008)

Principal activities and review of the business

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

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

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the group are considered to relate to the volatility of the property market.

The group's principal financial instruments comprise bank balances and loans to the company.

In respect of bank balances the liquidity risk is managed by maintaining a credit balance.

In respect of loans these comprise loans from a bank, other loans and loan stock. The interest rates and terms of repayment can be seen in Note 12 to the financial statements. The directors are aware of the company's required finance and have determined that the loans will be repaid in full as soon as the finance is available.

Given the straightforward nature of the business, the company and group's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Results and dividends

The consolidated profit and loss account for the year is set out on page 5.

The directors do not recommend a dividend.

	2008 £	2007 £
During the year the group made the following payments:		
Charitable donations	-	250

HILSTONE LAND LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

Directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to 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 that 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.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



A M Brookes

Director

18 December 2008

HILSTONE LAND LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF HILSTONE LAND LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Hilstone Land Limited for the year ended 31 March 2008 set out on pages 5 to 18. These financial statements have been prepared under 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 group's and 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.

HILSTONE LAND LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF HILSTONE LAND LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and the group's affairs as at 31 March 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

HLB Vantis Audit plc

HLB Vantis Audit plc

18 December 2008

Chartered Accountants

Registered Auditor

66 Wigmore Street
London
W1U 2SB



HILSTONE LAND LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 £	2007 £
Turnover	2	5,768,455	19,363,129
Cost of sales		(4,005,249)	(14,307,895)
Gross profit		1,763,206	5,055,234
Administrative expenses		(1,238,922)	(2,579,569)
Operating profit	3	524,284	2,475,665
Loss on sale of investment properties		-	(695,207)
Profit on ordinary activities before interest		524,284	1,780,458
Other interest receivable and similar income		87,838	292,233
Interest payable and similar charges	4	(1,666,708)	(6,404,369)
Loss on ordinary activities before taxation		(1,054,586)	(4,331,678)
Tax on loss on ordinary activities	5	405,811	(529,873)
Loss on ordinary activities after taxation		(648,775)	(4,861,551)

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.

Note of historical cost profits and losses

	2008 £	2007 £
Reported loss on ordinary activities before taxation	(1,054,586)	(4,331,678)
Realisation of property revaluation gains of previous years	-	8,253,200
Historical cost profit/(loss) on ordinary activities before taxation	(454,586)	3,921,522
Historical cost profit/(loss) for the year retained after taxation, extraordinary items and dividends	(409,398)	3,391,649

HILSTONE LAND LIMITED

BALANCE SHEETS

AS AT 31 MARCH 2008

	Notes	Group 2008 £	2007 £	Company 2008 £	2007 £
Fixed assets					
Intangible assets	7	-	248,210	-	-
Investments	8	-	-	8,234,192	64,044,297
		<u>-</u>	<u>248,210</u>	<u>8,234,192</u>	<u>64,044,297</u>
Current assets					
Stocks	9	29,822,297	29,234,950	-	-
Debtors	10	638,278	1,975,527	24,323,443	24,071,584
Cash at bank and in hand		2,277,273	4,263,767	963,177	3,411,806
		<u>32,737,848</u>	<u>35,474,244</u>	<u>25,286,620</u>	<u>27,483,390</u>
Creditors: amounts falling due within one year	11	(22,642,932)	(5,269,528)	(29,976,535)	(67,695,184)
Net current assets/(liabilities)		<u>10,094,916</u>	<u>30,204,716</u>	<u>(4,689,915)</u>	<u>(40,211,794)</u>
Total assets less current liabilities		<u>10,094,916</u>	<u>30,452,926</u>	<u>3,544,277</u>	<u>23,832,503</u>
Creditors: amounts falling due after more than one year	12	(5,000,000)	(24,317,660)	(5,000,000)	(24,317,660)
Provisions for liabilities	13	(1,520,090)	(1,911,665)	-	-
		<u>3,574,826</u>	<u>4,223,601</u>	<u>(1,455,723)</u>	<u>(485,157)</u>
Capital and reserves					
Called up share capital	14	10,000	10,000	10,000	10,000
Share premium account	15	90,000	90,000	90,000	90,000
Profit and loss account	15	3,474,826	4,123,601	(1,555,723)	(585,157)
Shareholders' funds	16	<u>3,574,826</u>	<u>4,223,601</u>	<u>(1,455,723)</u>	<u>(485,157)</u>

Approved by the Board and authorised for issue on 18 December 2008


A M Brookes
Director

HILSTONE LAND LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	£	2008 £	£	2007 £
Net cash inflow from operating activities		228,063		17,421,940
Returns on investments and servicing of finance				
Interest received	87,838		292,233	
Interest paid	(1,375,578)		(4,829,369)	
Net cash outflow for returns on investments and servicing of finance		(1,287,740)		(4,537,136)
Taxation		(926,817)		(1,421,580)
Capital expenditure				
Payments to acquire tangible assets	-		(695,207)	
Receipts from sales of tangible assets	-		65,861,951	
Net cash inflow for capital expenditure		-		65,166,744
Net cash (outflow)/inflow before management of liquid resources and financing		(1,986,494)		76,629,968
Financing				
New long term bank loan	-		4,463,189	
Repurchase of debenture loan	-		(5,000,000)	
Repayment of long term bank loan	-		(54,656,275)	
Repayment of other long term loans	-		(18,499,806)	
Net cash outflow from financing		-		(73,692,892)
(Decrease)/increase in cash in the year		(1,986,494)		2,937,076

HILSTONE LAND LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

1	Reconciliation of operating profit to net cash inflow from operating activities	2008		2007	
		£		£	
	Operating profit	524,284		2,475,665	
	Amortisation of intangible assets	248,210		627,238	
	(Increase)/decrease in stocks	(587,347)		13,366,874	
	Decrease in debtors	1,288,239		1,281,573	
	Decrease in creditors	(853,748)		(721,888)	
	Other reserve movement	(391,575)		392,478	
	Net cash inflow from operating activities	228,063		17,421,940	
2	Analysis of net debt	1 April 2007	Cash flow	Other non- 31 March 2008	
		£	£	cash changes	£
	Net cash:				
	Cash at bank and in hand	4,263,767	(1,986,494)	-	2,277,273
	Debts falling due within one year	-	(19,317,660)	(91,130)	(19,408,790)
	Debts falling due after one year	(24,317,660)	19,317,660	-	(5,000,000)
		(24,317,660)	-	(91,130)	(24,408,790)
	Net debt	(20,053,893)	(1,986,494)	(91,130)	(22,131,517)
3	Reconciliation of net cash flow to movement in net debt	2008		2007	
		£		£	
	(Decrease)/increase in cash in the year	(1,986,494)		2,937,076	
	Cash (inflow)/outflow from (increase)/decrease in debt	(91,130)		73,692,892	
	Movement in net debt in the year	(2,077,624)		76,629,968	
	Opening net debt	(20,053,893)		(96,683,861)	
	Closing net debt	(22,131,517)		(20,053,893)	

HILSTONE LAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1 Accounting policies

1.1 Accounting convention

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

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 2008. 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 line with the disposal of the properties.

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

Properties held for development or resale are stated 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.

2 Turnover

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

HILSTONE LAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

3	Operating profit	2008	2007
		£	£
	Operating profit is stated after charging:		
	Depreciation of intangible assets	248,210	627,238
	Operating lease rentals	2,500	91,002
	Auditors' remuneration (company £25,000; 2007 - £20,250)	27,000	64,500
	Remuneration of auditors for non-audit work	49,850	78,150
		<u> </u>	<u> </u>
4	Interest payable	2008	2007
		£	£
	On bank loans and overdrafts	1,320,333	2,120,337
	On overdue tax	113,758	-
	Other interest	232,617	4,284,032
		<u> </u>	<u> </u>
		1,666,708	6,404,369
		<u> </u>	<u> </u>

HILSTONE LAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

5	Taxation	2008 £	2007 £
	Domestic current year tax		
	U.K. corporation tax	-	1,377,487
	Adjustment for prior years	(14,236)	(16,037)
	Current tax charge	(14,236)	1,361,450
	Deferred tax		
	Deferred tax charge for the year	(391,575)	(831,577)
		(405,811)	529,873
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(1,054,586)	(4,331,678)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2007 - 19.00%)	(210,917)	(823,019)
	Effects of:		
	Non deductible expenses	149,778	187,675
	Depreciation add back	49,642	119,175
	Capital allowances	-	(215,001)
	Tax losses utilised	(668)	(107,785)
	Adjustments to previous periods	(14,236)	(16,037)
	Chargeable disposals	-	2,022,265
	Higher rate tax on certain subsidiaries	-	174,200
	Other tax adjustments	12,165	19,977
		196,681	2,184,469
	Current tax charge	(14,236)	1,361,450

6 (Loss)/profit 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)/profit for the financial year is made up as follows:

	2008 £	2007 £
Holding company's (loss)/profit for the financial year	(970,566)	76,943

HILSTONE LAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

7 Intangible fixed assets

Group

	Goodwill £
Cost	
At 1 April 2007 & at 31 March 2008	248,210
Amortisation	
At 1 April 2007	-
Charge for the year	248,210
At 31 March 2008	248,210
Net book value	
At 31 March 2008	-
At 31 March 2007	248,210

HILSTONE LAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

8 Fixed asset investments

Company	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost			
At 1 April 2007	24,947,302	55,810,105	80,757,407
Disposals	-	(55,810,105)	(55,810,105)
At 31 March 2008	24,947,302	-	24,947,302
Provisions for diminution in value			
At 1 April 2007 & at 31 March 2008	16,713,110	-	16,713,110
Net book value			
At 31 March 2008	8,234,192	-	8,234,192
At 31 March 2007	8,234,192	55,810,105	64,044,297

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 Ltd	England & Wales	Ordinary	100
Hilstone Property Investments Ltd (a)	England & Wales	Ordinary	100
Hilstone (Letchworth) Ltd (a)	England & Wales	Ordinary	100
Hilstone Property Holdings Ltd (a)	England & Wales	Ordinary	100
Chilton Land and Property Ltd (b)	England & Wales	Ordinary	100
Hilstone Properties (Cardiff) Ltd (b)	England & Wales	Ordinary	100
Hilstone Properties (Bracknell) Ltd (b)	England & Wales	Ordinary	100
Commerce International Properties Ltd (c)	Gibraltar	Ordinary	100
City Property Investment Company Ltd (c)	Gibraltar	Ordinary	100
Victoria Property Company Ltd (c)	Gibraltar	Ordinary	100
Moonbound Ltd	England & Wales	Ordinary	100
Hilstone (WMS) Ltd	England & Wales	Ordinary	100

HILSTONE LAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

8 Fixed asset investments

(continued)

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

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

9 Stocks

	2008 £	Group 2007 £	2008 £	Company 2007 £
Properties	29,822,297	29,234,950	-	-

10 Debtors

	Group 2008 £	2007 £	Company 2008 £	2007 £
Trade debtors	406,592	450,072	-	-
Amounts owed by group undertakings	-	-	24,278,693	22,926,620
Corporation tax	1,583	50,593	-	-
Other debtors	174,845	1,334,886	44,750	1,144,964
Prepayments and accrued income	55,258	139,976	-	-
	638,278	1,975,527	24,323,443	24,071,584

HILSTONE LAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

11 Creditors : amounts falling due within one year

	Group 2008 £	2007 £	Company 2008 £	2007 £
Bank loans and overdrafts	19,408,790	-	19,408,790	-
Amounts owed to group undertakings	11,001	-	9,094,538	64,635,571
Corporation tax	-	1,381,638	-	-
Taxes and social security costs	5,021	799,263	5,021	659,761
Other creditors	2,140,392	59,812	780,050	56,595
Accruals and deferred income	1,077,728	3,028,815	688,136	2,343,257
	<u>22,642,932</u>	<u>5,269,528</u>	<u>29,976,535</u>	<u>67,695,184</u>

HILSTONE LAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

12 Creditors : amounts falling due after more than one year

	Group 2008 £	2007 £	Company 2008 £	2007 £
Loan stock	5,000,000	5,000,000	5,000,000	5,000,000
Bank loans	-	19,317,660	-	19,317,660
	<u>5,000,000</u>	<u>24,317,660</u>	<u>5,000,000</u>	<u>24,317,660</u>
Analysis of loans				
Wholly repayable within five years	24,408,790	24,317,660	24,408,790	24,317,660
Included in current liabilities	(19,408,790)	-	(19,408,790)	-
	<u>5,000,000</u>	<u>24,317,660</u>	<u>5,000,000</u>	<u>24,317,660</u>
Loan maturity analysis				
In more than one year but not more than two years	5,000,000	19,317,660	5,000,000	19,317,660
In more than two years but not more than five years	-	5,000,000	-	5,000,000
	<u>-</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>

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

The group's loan with Nationwide Building Society has a year end balance of £19,500,000 (2007: £19,500,000) from a total drawdown of £170,079,720. 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.

13 Provisions for liabilities

Group	Other £
Balance at 1 April 2007	1,911,665
Profit and loss account	(391,575)
Balance at 31 March 2008	<u>1,520,090</u>

HILSTONE LAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

14 Share capital	2008 £	2007 £
Authorised		
75,000 A Ordinary of 10p each	7,500	7,500
100,000 B Ordinary of 10p each	10,000	10,000
25,000 C Ordinary of 10p each	2,500	2,500
	<u>20,000</u>	<u>20,000</u>
 Allotted, called up and fully paid		
75,000 A Ordinary of 10p each	7,500	7,500
25,000 C Ordinary of 10p each	2,500	2,500
	<u>10,000</u>	<u>10,000</u>

The "A", "B" and "C" shares rank pari passu in all respects.

15 Statement of movements on reserves Group

	Share premium account £	Profit and loss account £
Balance at 1 April 2007	90,000	4,123,601
Loss for the year	-	(648,775)
Balance at 31 March 2008	<u>90,000</u>	<u>3,474,826</u>

Company

	Share premium account £	Profit and loss account £
Balance at 1 April 2007	90,000	(585,157)
Loss for the year	-	(970,566)
Balance at 31 March 2008	<u>90,000</u>	<u>(1,555,723)</u>

HILSTONE LAND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

16 Reconciliation of movements in shareholders' funds	2008	2007
Group	£	£
Loss for the financial year	(648,775)	(4,861,551)
Opening shareholders' funds	4,223,601	9,085,152
Closing shareholders' funds	<u>3,574,826</u>	<u>4,223,601</u>

Company	2008	2007
	£	£
(Loss)/Profit for the financial year	(970,566)	76,943
Opening shareholders' funds	(485,157)	(562,100)
Closing shareholders' funds	<u>(1,455,723)</u>	<u>(485,157)</u>

17 Employees

Number of employees

There were no employees during the year apart from the directors

18 Control

The company and the group is controlled by its directors.

19 Related party transactions

Group and company

At the year end the group owed £780,050 (2007: £56,595) to Hilstone Corporation Limited and £900,000 (2007: £1,144,964 debtor) to Hilstone Birmingham Limited, companies in which Mr AM Brookes and Mr MCT Bokenham are directors and shareholders. In addition at the year end the group had loan stock totalling £5,000,000 (2007: £5,000,000) with Hilstone Corporation Limited and the Hilstone Corporation Unapproved MCTB Scheme and the Hilstone Corporation Unapproved AMB Scheme.

Company

During the year interest totalling £150,000 (2006: £150,000) and management fees of £500,000 (2006: nil) were paid to Hilstone Corporation Limited, a company in which Mr A M Brookes and Mr M C T Bokenham are directors and shareholders. At the year end £780,050 (2006: £56,595) was owed to Hilstone Corporation Limited.