

**KENTSTONE PROPERTIES LIMITED
AND IT'S SUBSIDIARY COMPANIES
REPORTS AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012**

Company Registration Number 00000086

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KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

COMPANY INFORMATION

Registered in England on 27 November 1862
Company No 00000086

Directors	T C Monckton (Chairman) A C B Lister, F R I C S (Managing Director to 30 September 2011) R J Clarke, F C A (Financial Director) J Wilkins (appointed 1 April 2011, Managing Director from 1 October 2011)
Auditors	Messrs Day, Smith & Hunter Globe House Eclipse Park Sittingbourne Road Maidstone Kent ME14 3EN
Agents	Messrs Sibley Pares & Partners 1 Ashford Road Maidstone Kent ME14 5BJ
Solicitors	Messrs Whitehead Monckton 72 King Street Maidstone Kent ME14 1BL
Secretary and Registered Office	R N J Coombe Suite 21, Evegate Park Barn Smeeth, Ashford Kent TN25 6SX
Bankers	National Westminster Bank PLC 3 High Street Maidstone Kent ME14 1XU

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ONE HUNDRED AND FORTY EIGHTH ANNUAL GENERAL MEETING of KENTSTONE PROPERTIES LIMITED will be held at Leeds Castle, Maidstone, Kent ME17 1PL, on Thursday 13 September 2012 at 12 00 for the following purposes

1. To receive the Directors' and Auditors' Reports and Accounts for the year to 31 March 2012
2. To consider and, if thought fit pass, the following ordinary resolution
Retirement by Rotation and Re-Election of Mr R J Clarke
That, Mr R J Clarke, who retires by rotation in accordance with the Company's Articles of Association, and being eligible, offers himself for re-election, be re-elected as a director
3. To re-appoint Messrs Day, Smith & Hunter, Chartered Accountants, of Globe House, Eclipse Park, Maidstone, as Auditors and to authorise the directors to fix their remuneration

BY ORDER OF THE BOARD

Suite 21
Evegate Park Barn
Smeeth
Ashford
Kent TN25 6SX

R N J Coombe
Secretary

26 June 2012

A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and, on a poll, vote in his/her stead. A proxy need not be a member of the Company

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Chairman's Statement 2011/2012

This calendar year marks one hundred and fifty years since the incorporation on 27 November 1862 of your Company under the first Companies Act of 1862 as Company No 86 C. It is perfectly appropriate to celebrate this moment of achievement in this year's Annual Report even if the date itself falls later in the year. The Board intends to produce for shareholders a short history of your Company from the time of the first Directors stated object of – "The purchase of messuages, cottages, lands, and premises in Maidstone and its vicinity for the improvement of the dwellings of the labouring classes, and for the letting and disposing of the same for gain, and for doing all things incidental or conducive to the attainment of the above objects." Much was achieved in the fulfilment of those stated philanthropic objects but the Company and the world in which we now operate is vastly changed from the day in November 1862 when seven Maidstonians sat round a table in the year of Queen Victoria's Silver Jubilee and resolved to form The Maidstone Cottage Improvement Company which continues to trade today as Kentstone Properties Limited.

Market conditions have remained challenging over this last year but rates of occupancy of the commercial properties have been maintained with the residential portfolio yet again making a strong showing in relative terms of growth in value and rental income. More particularly, the Board has invested considerable resources in the improvement of the fabric and condition of properties across the portfolio in order to maintain rental income but of longer term significance the capital value of the portfolio itself.

During the year, the Company sold a property in Maidstone which had stood empty for two years and the last industrial unit in Dartford. An industrial estate was acquired in Westbury Wiltshire comprising seven units and yielding an initial 10% with growth potential. This investment helped to contribute to the highest level of rental income yet achieved by the Company.

As a result of the decrease in the market valuation of properties, the net asset value per share at 31 March 2012 was £2.78 against £2.93 in March 2011. Due principally to the high level of repair and improvements to the fabric of properties, net profit has fallen to just over £520,000.

Shares have been traded within a range of £2.00 to £2.53 in parcels ranging from 1,000 to 5,000 shares.

After I was appointed your Chairman, I wrote to all shareholders in January 2009 about the importance of achieving growth in the value of the Company and the impact of the distribution by way of dividend of such a relatively high proportion of the Company's income. I said in my letter – "we should all recognise that payment of dividends represents an outflow of resources that could otherwise be reinvested and that, if the market continues to deteriorate, a review of the level of dividend paid may become necessary." Although the current level of dividend of nine pence per share accounts for over 90% of this year's net profit, the Directors have decided to maintain the First Interim Dividend for 2012/2013 at 6.3 pence but the property investment market is still going through turbulent times and payment of the second dividend in January 2013 is a matter for very careful consideration.

The Annual General Meeting will convene this year in the Maidens Tower at Leeds Castle near Maidstone on Thursday 13 September followed by lunch to celebrate 150 years. Enclosed with this Report is an application form for completion and return to Mrs Angela Bird the Office Manager at Evegate.

TIM MONCKTON
CHAIRMAN

26 June 2012

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Report of the Directors

For the year ended 31 March 2012

The directors submit their report and accounts for the year ended 31 March 2012

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is property investment with a mixed portfolio which has been created over a number of years. The majority of the portfolio comprises commercial property including industrial units, shops, restaurants and professional offices. On the residential side the company owns some houses which are protected tenancies under the Rents Act and some on Assured Shorthold at market rents.

The Profit and Loss account is shown on page 10. The Directors consider the profit on ordinary activities before taxation to be satisfactory.

Further information on the company's operations and property portfolio are shown in the Chairman's Statement and on pages 4 and 5.

DIVIDENDS

Total dividends of 9.0p per ordinary share were paid both in the year to 31 March 2012 and in the previous year.

FIXED ASSETS

The movements in fixed assets during the year are shown in note 9 to the accounts.

FINANCIAL INSTRUMENTS

The main financial risks that the company face are rent arrears, interest rates and liquidity. Addressing these risks forms one of the main activities of the Board of Directors, but they are not considered significant at the balance sheet date.

The company's policy in respect of interest rates and available funding is to maintain a mixture of fixed and variable rate finance with a close relationship with our bankers.

DIRECTORS AND THEIR INTERESTS

The directors during the year ended 31 March 2012 and their interests in the ordinary shares of the company at the beginning and end of the financial year were as follows -

	Beneficially		As trustee	
	2012	2011	2012	2011
T C Monckton	12,555	12,555	43,517	43,517
ACB Lister	5,000	5,000	-	-
RJ Clarke	14,910	19,910	-	-
J Wilkins	5,000	-	-	-

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Report of the Directors

For the year ended 31 March 2012 *(continued)*

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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 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 group and the company and of the profit and loss of the group for that period. In preparing these financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BY ORDER OF THE BOARD


R.N.J. Coombe

Secretary

Suite 21
Evegate Park Barn
Smeeth
Ashford
Kent TN25 6SX

26 June 2012

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Independent Auditors' Report to the Shareholders

For the year ended 31 March 2012

We have audited the financial statements of Kentstone Properties Limited for the year ended 31 March 2012 which are set out on pages 10 to 23. 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 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 explained more fully in the directors' responsibilities statement set out on page 7, 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 report of the directors to identify material inconsistencies with the audited financial statements. 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 2012 and of the group's profit 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Independent Auditors' Report to the Shareholders

For the year ended 31 March 2012 (*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

ROY COATES FCA (Senior Statutory Auditor)

For and on behalf of Day, Smith & Hunter, Statutory Auditors

Statutory Auditors and Chartered Accountants

Globe House
Eclipse Park
Sittingbourne Road
Maidstone
Kent ME14 3EN

26 June 2012

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Consolidated Profit and Loss Account

For the year ended 31 March 2012

	Notes	2011	2010
		£	£
Rental income		1,617,724	1,582,538
Property expenses and collection costs		475,799	189,991
GROSS PROFIT		1,141,925	1,392,547
Administrative expenses		328,110	287,478
OPERATING PROFIT	3,4	813,815	1,105,069
Interest received		106	305
		813,921	1,105,374
Interest payable	5	213,196	179,898
		600,725	925,476
Loss from sales of properties	6	(8,088)	(1,738)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		592,637	923,738
Taxation	7	72,016	246,361
PROFIT FOR THE FINANCIAL YEAR	15	520,621	677,377

The company's rental income and expenses all relate to continuing operations

The notes on pages 15 to 23 form part of these accounts

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Statement of Total Recognised Gains or Losses

For the year ended 31 March 2012

	Notes	2012 £	2011 £
Profit for the financial year		520,621	677,377
Unrealised deficit on revaluation of properties	15,16	(853,634)	(1,264,967)
TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR		(333,013)	(587,590)

Note of Historical Cost Profits and Losses

For the year ended 31 March 2012

	2012 £	2011 £
Reported profit on ordinary activities before taxation	592,637	923,738
Realisation of property revaluations in previous years	(375)	27,519
Historical cost profit on ordinary activities before taxation	592,262	951,257
Historical cost profit on ordinary activities after taxation	520,246	704,896

The notes on pages 15 to 23 form part of these accounts

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet

As at 31 March 2012

		Notes	2012 £	2011 £
FIXED ASSETS	Tangible fixed assets	9(a)	21,139,749	22,041,112
CURRENT ASSETS	Debtors	11	257,178	246,651
	Cash at bank and in hand		52,643	16,871
			309,821	263,522
CREDITORS	Amounts falling due within one year	12	1,316,594	1,735,519
NET CURRENT (LIABILITIES)			(1,006,773)	(1,471,997)
TOTAL ASSETS LESS CURRENT LIABILITIES			20,132,976	20,569,115
CREDITORS	Amounts falling due after more than one year	13	5,375,000	5,000,000
NET ASSETS			14,757,976	15,569,115
CAPITAL AND RESERVES	Called up share capital	14	2,656,254	2,656,254
	Capital redemption reserve	15	143,746	143,746
	Revaluation reserve	15	3,685,521	4,538,780
	Profit and loss account	15	8,272,455	8,230,335
SHAREHOLDERS' FUNDS		16	14,757,976	15,569,115

Approved by the Board of Directors on 26 June 2012

T.C. Monckton

T.C. Monckton

DIRECTOR

R.J. Clarke

R.J. Clarke

DIRECTOR

Company Registration Number 00000086

The notes on pages 15 to 23 form part of these accounts

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Company Balance Sheet

As at 31 March 2012

		Notes	2012 £	2011 £
FIXED ASSETS	Tangible fixed assets	9(b)	21,139,749	20,801,112
	Investments	10	120	17,139
			<u>21,139,869</u>	<u>20,818,251</u>
CURRENT ASSETS	Debtors	11	257,178	1,432,218
	Cash at bank and in hand		52,643	16,871
			<u>309,821</u>	<u>1,449,089</u>
CREDITORS	Amounts falling due within one year	12	<u>1,316,714</u>	<u>1,749,196</u>
NET CURRENT (LIABILITIES)			<u>(1,006,893)</u>	<u>(300,107)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			20,132,976	20,518,144
CREDITORS	Amounts falling due after more than one year	13	<u>5,375,000</u>	<u>5,000,000</u>
NET ASSETS			<u>14,757,976</u>	<u>15,518,144</u>
CAPITAL AND RESERVES	Called up share capital	14	2,656,254	2,656,254
	Capital redemption reserve	15	143,746	143,746
	Revaluation reserve	15	3,677,579	4,530,838
	Profit and loss account	15	<u>8,280,397</u>	<u>8,187,306</u>
SHAREHOLDERS' FUNDS		16	<u>14,757,976</u>	<u>15,518,144</u>

Approved by the Board of Directors on 26 June 2012

T C Monckton

T C Monckton

DIRECTOR

R. J. Clarke

R J Clarke

DIRECTOR

Company Registration Number 00000086

The notes on pages 15 to 23 form part of these accounts

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Cash Flow Statement

For the year ended 31 March 2012

	Notes	2012 £	2011 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	896,436	1,011,738
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	106	305	
Interest paid	(216,176)	(166,279)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(216,070)	(165,974)
TAXATION		(225,049)	(240,315)
CAPITAL EXPENDITURE			
Payments to clear subsidiary undertaking's debt prior to acquisition	-	(1,229,880)	
Payments to acquire tangible fixed assets	(617,982)	(1,477,315)	
Receipts from sales of tangible fixed assets	656,912	185,262	
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		38,930	(2,521,933)
ACQUISITIONS AND DISPOSALS			
Payments to acquire subsidiary undertakings	-	-	(120)
FINANCING			
Loan repayments	(710,000)	-	
New loan	400,000	705,000	
		(310,000)	705,000
EQUITY DIVIDENDS PAID		(478,126)	(475,931)
(DECREASE) IN CASH	17	(293,879)	(1,687,535)

The notes on pages 15 to 23 form part of these accounts

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Notes to the Accounts

31 March 2012

1 ACCOUNTING POLICIES

- a) Accounting convention The accounts are prepared in accordance with applicable Accounting Standards under the historical cost convention modified to include the revaluation of investment properties
- The group accounts consolidate the accounts of Kentstone Properties Limited and its subsidiary undertakings
- Turnover and profit arising on trading between group companies are eliminated on consolidation
- b) Rental Income Rental income is recognised on an accrual basis in the period in which it falls due
- c) Investment properties Investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve
- Profits or losses on sales of properties are taken into account on the date of contract
- The profits or losses arising are calculated on the excess of sale proceeds over valuation and are included within the company profit or loss. Taxation on the gains arising is shown as part of the taxation charge
- d) Depreciation Depreciation is provided on the office furniture and equipment at a rate calculated to write off the cost evenly over a period of four years
- In accordance with Statement of Standard Accounting Practice 19 depreciation is not provided on investment properties. The directors consider that this accounting policy (which represents a departure from the statutory accounting rules under the Companies Act 2006) is necessary to provide a true and fair view
- e) Pension scheme The company operates a defined contribution pension scheme and the assets of the scheme are held separately to those of the group in an independently administered fund
- Charges made to the profit and loss account represent contributions paid within the period
- f) Leased assets Rentals applicable to operating leases, where substantially all the benefit and risk of ownership remain with the lessor, are charged to the profit and loss account on a straight line basis over the lease term

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Notes to the Accounts

31 March 2011 (*continued*)

	2012	2011
	£	£
7 TAXATION		
UK corporation tax on profit for the year	110,353	110,353
Over provision in previous year	(38,337)	-
	<u>72,016</u>	<u>246,361</u>
Profit on ordinary activities before taxation	<u>592,637</u>	<u>923,738</u>
Factors affecting the tax charge for the period		
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26%/28%	154,086	258,647
Adjustment in respect of capital gains on disposal of properties	2,103	487
Expenses not deductible for tax purposes	1,182	1,182
Reduction for enhanced expenditure	(5,590)	-
Capital allowances in excess of depreciation	(22,837)	(2,284)
Marginal relief	(4,617)	-
Relief for losses brought forward	(13,974)	(13,423)
	<u>110,353</u>	<u>246,361</u>
8 DIVIDENDS		
Interim paid July 2011 6 3p (2011 6 3p)	334,688	334,688
Interim paid January 2012 2 7p (2012 2 7p)	143,438	143,438
	<u>478,126</u>	<u>478,126</u>

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Notes to the Accounts

31 March 2012 (continued)

9 TANGIBLE FIXED ASSETS			£
a) GROUP			
Investment Properties			
At valuation			
At 1 April 2011			22,039,509
Additions at cost			617,982
Disposals			(665,000)
Decrease in valuation			(853,634)
At 31 March 2012			21,138,857
Office furniture & equipment	Cost	Depreciation	
At 1 April 2011	19,989	(18,386)	1,603
Depreciation charge	-	(711)	(711)
At 31 March 2012	19,989	19,097	892
At 31 March 2012			21,139,749
At 31 March 2011			22,041,112
The investment properties were revalued by the directors on 31 March 2012 for investment purposes as agreed with their professional advisers Messrs Sibley Pares & Partners, Chartered Surveyors			
The last professional valuation was undertaken on 31 March 2010			
Historical cost At 31 March 2012			16,753,336
At 31 March 2011			16,800,729

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Notes to the Accounts

31 March 2012 *(continued)*

9 TANGIBLE FIXED ASSETS			£
b) COMPANY			
Investment Properties			
At valuation			
At 1 April 2011			20,799,509
Additions at cost			1,857,982
Disposals			(665,000)
Decrease in valuation			(853,634)
At 31 March 2012			21,138,857
Office furniture & equipment	Cost	Depreciation	
At 1 April 2011	19,989	(18,386)	1,603
Depreciation charge	-	(711)	(711)
At 31 March 2012	19,989	19,097	892
At 31 March 2012			21,139,749
At 31 March 2011			20,801,112
The investment properties were revalued by the directors on 31 March 2012 for investment purposes as agreed with their professional advisers Messrs Sibley Pares & Partners, Chartered Surveyors			
The last professional valuation was undertaken on 31 March 2010			
Historical cost At 31 March 2012			16,761,278
At 31 March 2011			15,568,671

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Notes to the Accounts

31 March 2012 *(continued)*

10 INVESTMENTS

	Group undertakings
	£
Cost at 1 April 2011	17,139
Disposals	17,019
Cost at 31 March 2012	120

The interest in group undertakings represents a 100% holding of the issued share capital of Westley Estates Limited

Westley Estates Limited is a company engaged in property development and investment

The investment in the subsidiary undertaking Kentstone Finance Limited of £17,019 has been fully provided against in the year following the receipt of a dividend of £17,018 from that company and the subsequent application made to remove Kentstone Finance Limited from the register

11 DEBTORS

	Group	2012 Company	Group	2011 Company
	£	£	£	£
Prepayments and accrued income	240,153	240,153	246,651	246,651
Other debtors	17,025	17,025	-	-
Amounts due from subsidiary undertaking	-	-	-	1,185,567
	257,178	257,178	246,651	1,432,218

12 CREDITORS

AMOUNTS FALLING
DUE WITHIN
ONE YEAR

	Group	2012 Company	Group	2011 Company
Bank overdraft	737,604	737,604	407,953	407,953
Bank loan (note 13)	20,000	20,000	705,000	705,000
Accruals and deferred income	438,314	437,314	328,590	326,590
Other taxes and social security	6,828	5,485	44,120	42,778
Other creditors	3,495	3,495	3,495	3,495
Amounts due to subsidiary undertaking	-	2,463	-	17,019
Corporation tax	110,353	110,353	246,361	246,361
	1,316,594	1,316,714	1,735,519	1,749,196

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Notes to the Accounts

31 March 2012 (continued)

13 CREDITORS

AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	2012 Company	Group	2011 Company
	£	£	£	£
Bank loans	5,375,000	5,375,000	5,000,000	5,000,000

The new bank loan is repayable in quarterly instalments of £5,000 until September 2017 and interest is charged at 2.5% over LIBOR

The bank loan of £5,000,000 is repayable by June 2016 although no fixed repayment terms have been agreed. Interest on the loan is charged at 2.00% above LIBOR. The company has capped the interest rate on £3,000,000 of the loan at 3.0%

The bank loans and the overdraft are secured by a fixed charge over certain of the company's investment properties

14 CALLED UP SHARE CAPITAL

	2012	2011
	£	£
Allotted, issued and fully paid – 5,312,507 ordinary shares of 50p each	2,656,254	2,656,254

15 RESERVES

	Capital Redemption Reserve	Revaluation Reserve	Profit and Loss
	£	£	£
GROUP			
At 1 April 2011	143,746	4,538,780	8,230,335
Profit for the financial year	–	–	520,621
Dividends (note 8)	–	–	(478,126)
Transfer on disposal of properties	–	375	(375)
Deficit on revaluation	–	(853,634)	–
At 31 March 2012	143,746	3,685,521	8,272,455
COMPANY			
At 1 April 2011	143,746	4,530,838	8,187,306
Profit for the financial year	–	–	571,592
Dividends (note 8)	–	–	(478,126)
Transfer on disposal of properties	–	375	(375)
Deficit on revaluation	–	(853,634)	–
At 31 March 2012	143,746	3,677,579	8,280,397

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Notes to the Accounts

31 March 2012 (continued)

	2012	2011	
	£	£	
16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS			
GROUP			
Shareholders funds as at 1 April 2011	15,569,115	16,634,831	
Profit for the year	520,621	677,377	
Deficit on revaluation	(853,634)	(1,264,967)	
Dividends	(478,126)	(478,126)	
Shareholders' funds as at 31 March 2012	<u>14,757,976</u>	<u>15,569,115</u>	
COMPANY			
Shareholders funds as at 1 April 2011	15,518,144	16,634,831	
Profit for the year	571,592	634,348	
Deficit on revaluation	(853,634)	(1,272,909)	
Dividends	(478,126)	(478,126)	
Shareholders' funds as at 31 March 2012	<u>14,757,976</u>	<u>15,518,144</u>	
17 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating profit	813,815	1,105,069	
Depreciation	711	708	
Decrease in debtors	6,498	6,201	
Increase/(decrease) in creditors	75,412	(100,240)	
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>896,436</u>	<u>1,011,738</u>	
ANALYSIS OF CHANGES IN NET DEBT			
	At	Cash	At
	1 4 2011	flows	31 3 2012
	£	£	£
Cash at bank and in hand	16,871	35,772	52,643
Bank overdraft	(407,953)	(329,651)	(737,604)
	(391,082)	(293,879)	(684,961)
Bank loan due within one year	(705,000)	685,000	(20,000)
Bank loan due after one year	(5,000,000)	(375,000)	(5,375,000)
	(6,096,082)	16,121	(6,079,961)

KENTSTONE PROPERTIES LIMITED AND SUBSIDIARY COMPANIES

Notes to the Accounts

31 March 2012 (continued)

- 18 RELATED PARTY T C Monckton is a partner in Messrs Whitehead Monckton, the solicitors engaged by the group. A total of £52,378 was paid for legal and secretarial services to that partnership during the year (2011 £50,062) and an amount of £2,787 was owed at 31 March 2012 (2011 £nil)

19 FINANCIAL COMMITMENTS

At 31 March 2012 the group and company had annual commitments under non cancellable operating leases as set out below

	2012	2011
	£	£
Land and buildings		
Operating leases which expire within two to five years	8,800	8,800

20 CONTINGENT LIABILITIES

The potential liability to corporation tax that would arise if all the properties were sold at their balance sheet values is estimated at £253,847 (2011 £364,451)