

REGISTRAR

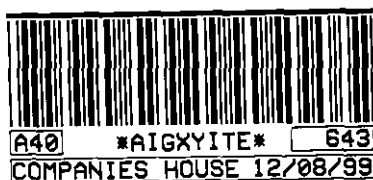
2027226

Horncastle Properties Limited

Report and Accounts

31 March 1999

 ERNST & YOUNG



Horncastle Properties Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Horncastle Properties Limited will be held at the registered office of the company at 9.25am on 6 October 1999 to transact the following business:

- 1 To receive and adopt the directors' report and the audited accounts for the year ended 31 March 1999.
- 2 To re-elect Mr C Newton as a director.
- 3 To re-appoint the auditors.
- 4 To authorise the directors to fix the remuneration of the auditors.

By order of the Board



C Newton
Secretary

Unicorn House
Broad Lane
Gilberdyke
East Yorkshire

30 July 1999

NOTE:

Any member of the company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the company.

Horncastle Properties Limited

Registered No. 2027226

DIRECTORS

A N Horncastle

N White

C Newton - appointed 9 February 1999

SECRETARY

C Newton

AUDITORS

Ernst & Young

PO Box 3

Lowgate House

Lowgate

Hull HU1 1JJ

BANKERS

Barclays Bank PLC

Barclays House

10 Market Place

Hull HU1 1RN

REGISTERED OFFICE

Unicorn House

Broad Lane

Gilberdyke

East Yorkshire

Horncastle Properties Limited

DIRECTORS' REPORT

The directors present their report and the audited accounts for the year ended 31 March 1999.

RESULTS AND DIVIDENDS

The profit for the year amounts to £321,529 and has been dealt with as shown in the profit and loss account. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the company is the purchase and sale of land.

The company is active in the search for further suitable sites.

DIRECTORS

The directors of the company at the date of this report were those listed on page 2.

DIRECTORS' INTERESTS

According to the register maintained as required under the Companies Act 1985, none of the directors had any interest in the share capital of the company. Messrs A N Horncastle, N White and C Newton are directors of the ultimate holding company, Horncastle Group plc, in whose accounts their interests in that company are shown.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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 departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Horncastle Properties Limited

DIRECTORS' REPORT

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the Board



C Newton
Secretary

30 July 1999

REPORT OF THE AUDITORS
to the members of Horncastle Properties Limited

We have audited the accounts on pages 6 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

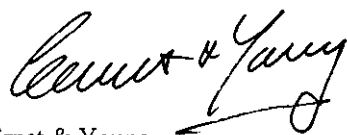
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Registered Auditor
Hull

30 July 1999

Horncastle Properties Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1998

	Notes	1999 £	1998 £
TURNOVER	2	679,781	597,514
Operating costs	3	248,227	115,659
OPERATING PROFIT	4	431,554	481,855
Bank interest receivable		33,622	24,955
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		465,176	506,810
Taxation charge	6	143,647	157,111
RETAINED PROFIT FOR THE YEAR		321,529	349,699

Movements on retained profits are set out in note 11.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 March 1999

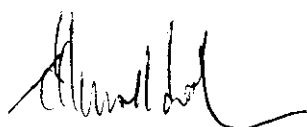
There are no recognised gains and losses other than the profit for the financial year of £321,529 (1998 £349,699).

Horncastle Properties Limited

BALANCE SHEET

at 31 March 1999

	Notes	1999 £	1998 £
CURRENT ASSETS			
Stock	7	341,503	387,408
Debtors	8	1,100	900
Cash at bank	9	842,177	482,856
		<u>1,184,780</u>	<u>871,164</u>
CREDITORS: amounts falling due within one year			
Other creditors		7,951	2,400
Corporation tax		143,647	157,111
		<u>151,598</u>	<u>159,511</u>
TOTAL ASSETS LESS LIABILITIES		<u>1,033,182</u>	<u>711,653</u>
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Profit and loss account	11	1,033,180	711,651
EQUITY SHAREHOLDERS' FUNDS		<u>1,033,182</u>	<u>711,653</u>



A N Horncastle - Director

30 July 1999

Horncastle Properties Limited

NOTES TO THE ACCOUNTS

at 31 March 1999

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Stock

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

2. TURNOVER

Turnover comprises the invoice value of land sold by the company in the United Kingdom. Both operating profit and profit before tax are attributable to the principal continuing activity of the company.

3. OPERATING COSTS

	1999 £	1998 £
Decrease in stock of land	45,905	53,623
Land purchases	199,500	60,578
Other operating charges	2,822	1,458
	<u>248,227</u>	<u>115,659</u>

4. OPERATING PROFIT

This is stated after charging:

	1999 £	1998 £
Directors' remuneration	-	-
Auditors' remuneration	800	800
	<u>-</u>	<u>800</u>

Certain fees for non-audit services provided by Ernst & Young to the company have been borne by the ultimate holding company. It is not practicable to ascertain what proportion of such fees relates to the company.

5. STAFF NUMBERS

The monthly average number of persons employed by the company during the year, including directors, was as follows:

	1999 No.	1998 No.
Management	<u>2</u>	<u>2</u>

Horncastle Properties Limited

NOTES TO THE ACCOUNTS

at 31 March 1999

6. TAXATION

The charge based on the profit for the year comprises:

	1999 £	1998 £
UK corporation	143,647	157,111

7. STOCK

Stock comprises land held for resale.

In the opinion of the directors the replacement value of stock exceeds the balance sheet value but the directors are unable to quantify this excess.

8. DEBTORS

	1999 £	1998 £
Prepayments and accrued income	1,100	900

9. BANK BALANCE

The ultimate holding company, Horncastle Group plc, operates a group account with Barclays Bank PLC for all its subsidiary undertakings. The bank balance of £842,177 disclosed on page 7 is the company's proportion of the group bank balance (1998 - £482,856).

10. CALLED UP SHARE CAPITAL

	Authorised 1999 and 1998 No.	Allotted and fully paid 1999 and 1998 £
Ordinary shares of £1 each	100	2

11. PROFIT AND LOSS ACCOUNT

	£
At 31 March 1998	711,651
Retained profit for the year	321,529
At 31 March 1999	1,033,180

Horncastle Properties Limited

NOTES TO THE ACCOUNTS

at 31 March 1999

12. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit for the financial year	321,529	349,699
Opening shareholders' funds	711,653	361,954
Closing shareholders' funds	<u>1,033,182</u>	<u>711,653</u>

13. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

The company, together with Horncastle Group plc and certain fellow subsidiary undertakings, has entered into an unlimited guarantee in respect of the net indebtedness of all parties to the guarantee with Barclays Bank PLC. At 31 March 1999 the indebtedness due by the company under the guarantee was £4,006,944 (1998 - £3,500,667).

14. CAPITAL COMMITMENTS

At 31 March 1999 the directors had not authorised any future capital expenditure (1998 - £Nil).

15. RELATED PARTY AND DIRECTOR'S INTEREST TRANSACTIONS

On 1 May 1996, Horncastle Properties Limited entered into an agreement with its fellow subsidiary, *Horncastle Homes Limited* and *Centurion Homes Limited*, a company of which Mr C R Ferris, a director of Horncastle Homes Limited, is a director and major shareholder. The agreement entails Centurion Homes building houses on behalf of Horncastle Homes and specifies the level of sale proceeds which are receivable by Horncastle Homes and Horncastle properties for the houses and land respectively.

The company has taken advantage of the exemption within FRS8 from disclosing details of transactions with other members of Horncastle Group plc.

16. GROUP ACCOUNTS

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Horncastle Group plc, registered in England and Wales. Horncastle Group plc is the company's ultimate parent undertaking. Copies of that company's accounts can be obtained from Companies House, Cardiff.