

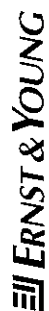
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REGISTRAR

HORNCastle PROPERTIES LIMITED

Report and Accounts

31 March 2002

 ERNST & YOUNG



Horncastle Properties Limited

Registered No. 2027226

DIRECTOR

A N Horncastle

SECRETARY

C D Horncastle

AUDITORS

Ernst & Young LLP

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

 **ERNST & YOUNG**

DIRECTOR'S REPORT

The director presents his report and the audited accounts for the year ended 31 March 2002.

RESULTS AND DIVIDENDS

The profit for the year amounts to £331,977 (2001 - £118,379) and has been dealt with as shown in the profit and loss account. The director does 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 director of the company during the year ended 31 March 2002 is listed on page 1. In addition Mr C J L Newton served as a director until his resignation on 2 November 2001.

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. The director is also director of the ultimate holding company, Horncastle Group PLC, in whose accounts his 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

DIRECTOR'S REPORT

AUDITORS

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board



C D Horncastle
Secretary

25 July 2002

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HORNCastle PROPERTIES LIMITED**

We have audited the company's financial statements for the year ended 31 March 2002 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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, 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 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 affairs of the company as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Hull

25 July 2002

Horncastle Properties Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2002

	<i>Notes</i>	2002 £	2001 £
TURNOVER	2	460,533	104,700
Operating costs	3	77,770	60,572
OPERATING PROFIT	4	382,763	44,128
Bank interest receivable		91,490	80,918
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		474,253	125,046
Taxation charge	6	142,276	6,667
RETAINED PROFIT FOR THE FINANCIAL YEAR		331,977	118,379

Movements on retained profits are set out in note 11.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 March 2002

There are no recognised gains and losses other than the profit for the financial year of £331,977 (2001 - £118,379).

Horncastle Properties Limited

BALANCE SHEET

at 31 March 2002

	Notes	2002 £	2001 £
CURRENT ASSETS			
Stock	7	94,350	153,153
Debtors	8	40,799	1,317
Cash at bank	9	1,853,201	1,370,519
		<u>1,988,350</u>	<u>1,524,989</u>
CREDITORS: amounts falling due within one year			
Other creditors		13,775	18,000
Corporation tax		142,276	6,667
		<u>156,051</u>	<u>24,667</u>
TOTAL ASSETS LESS LIABILITIES		<u><u>1,832,299</u></u>	<u><u>1,500,322</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Profit and loss account	11	1,832,297	1,500,320
EQUITY SHAREHOLDERS' FUNDS	12	<u><u>1,832,299</u></u>	<u><u>1,500,322</u></u>



Andrew Horncastle - Director

25 July 2002

NOTES TO THE ACCOUNTS

at 31 March 2002

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 and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

FRS 19 'Deferred taxation' was issued on 7 December 2000 and is mandatory for years ending on or after 23 January 2002. The company has therefore followed the provisions of FRS 19 this year. The prior year deferred tax provision has been restated in line with this change in accounting policy.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets.
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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

	2002	2001
	£	£
Decrease in stock of land	58,803	2,850
Land purchases	16,875	45,000
Other operating charges	2,092	12,722
	<u>77,770</u>	<u>60,572</u>

Horncastle Properties Limited

NOTES TO THE ACCOUNTS

at 31 March 2002

4. OPERATING PROFIT

This is stated after charging:

	2002	2001
	£	£
Directors' remuneration	-	-
Auditors' remuneration	1,175	1,175
	<u>1,175</u>	<u>1,175</u>

Certain fees for non-audit services provided by Ernst & Young LLP 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:

	2002	2001
	No.	No.
Management	2	2
	<u>2</u>	<u>2</u>

6. TAXATION

a) Analysis of tax charge for the year

The charge based on the profit for the year comprises:

	2002	2001
	£	£
UK corporation tax on profits of the year	142,276	6,667
	<u>142,276</u>	<u>6,667</u>

b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2002	2001
	£	£
Profit on ordinary activities before tax	474,253	125,046
	<u>474,253</u>	<u>125,046</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001 - 30%)	142,276	37,514
Effect of:		
Group relief	-	(27,514)
Small companies rate	-	(3,333)
	<u>-</u>	<u>(30,847)</u>
Current tax charge for the year	142,276	6,667
	<u>142,276</u>	<u>6,667</u>

There are no provided or unprovided deferred taxation liabilities or assets.

Horncastle Properties Limited

NOTES TO THE ACCOUNTS

at 31 March 2002

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

	2002	2001
	£	£
Prepayments and accrued income	40,799	1,317

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 £1,853,201 disclosed on page 6 is the company's proportion of the group bank balance (2001 - £1,370,519)

10. CALLED UP SHARE CAPITAL

	Authorised 2002 and 2001 No.	Allotted and fully paid 2002 and 2001 £
Ordinary shares of £1 each	100	2

11. PROFIT AND LOSS ACCOUNT

	£
At 1 April 2001	1,500,320
Retained profit for the year	331,977
At 31 March 2002	1,832,297

12. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the financial year	331,977	118,379
Opening shareholders' funds	1,500,322	1,381,943
Closing shareholders' funds	1,832,299	1,500,322

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 2002 the indebtedness due by the company under the guarantee was £Nil (2001 - £Nil).

NOTES TO THE ACCOUNTS

at 31 March 2002

14. CAPITAL COMMITMENTS

At 31 March 2002 the directors had not authorised any future capital expenditure (2001- £Nil).

15. RELATED PARTY AND DIRECTOR'S INTEREST TRANSACTIONS

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

16. PARENT UNDERTAKING AND CONTROLLING PARTY

The parent undertaking and controlling party 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.