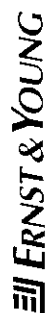


Horncastle Properties Limited

Report and Financial Statements

31 March 2005

 **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

Beech Hill House
Beech Hill Road
Swanland
East Yorkshire
HU14 3QY

 ERNST & YOUNG

Director's report

The director presents his report and financial statements for the year ended 31 March 2005.

Results and dividends

The profit for the year amounts to £81,132 (2004 - £58,665) 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 2005 is listed below:

A N Horncastle

Director's interests

According to the register maintained as required under the Companies Act 1985, the director had no interest in the share capital of the company. The director is also a director of the ultimate holding company, Horncastle Group PLC, in whose accounts his interests in that company are shown.

Statement of director's responsibilities in respect of the accounts

Company law requires the director 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 director is 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 director confirms that the accounts comply with the above requirements.

The director is 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. He is 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.

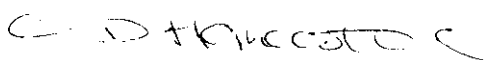
Horncastle Properties Limited

Director's report

Auditors

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

30 September 2005

Independent auditors' report

to the members of Horncastle Properties Limited

We have audited the company's financial statements for the year ended 31 March 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 14. These financial statements have been prepared on the basis of 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

As described in the Statement of Director's Responsibilities the company's director is 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 Director's 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 Director's 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.

Independent auditors' report

to the members of Horncastle Properties Limited

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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Hull

30 September 2005

Profit and loss account

for the year ended 31 March 2005

	Notes	2005 £	2004 £
Turnover	2	-	-
Operating costs	3	1,063	1,188
Operating loss	4	(1,063)	(1,188)
Bank interest receivable		118,557	78,200
Profit on ordinary activities before taxation		117,494	77,012
Taxation charge	6	36,362	18,347
Retained profit for the financial year		81,132	58,665

Movements on retained profits are set out in note 10.

Statement of total recognised gains and losses

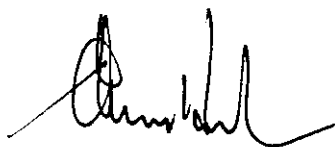
for the year ended 31 March 2005

There are no recognised gains and losses other than the profit for the financial year of £85,098 (2004 – profit of £58,665).

Balance sheet

at 31 March 2005

	Notes	2005 £	2004 £
Current assets			
Land held for resale		47,413	-
Debtors	7	-	102,211
Cash at bank	8	2,189,210	2,113,824
		<u>2,236,623</u>	<u>2,216,035</u>
Creditors: amounts falling due within one year			
Other creditors		1,029	999
Amounts due to group undertakings		9,787	101,965
Corporation tax		31,604	-
		<u>42,420</u>	<u>102,964</u>
Total assets less liabilities		<u>2,194,203</u>	<u>2,113,071</u>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account	10	2,194,201	2,113,069
Equity shareholders' funds	11	<u>2,194,203</u>	<u>2,113,071</u>



A N Horncastle - Director

30 September 2005

Notes to the financial statements

at 31 March 2005

1. Accounting policies

Accounting convention

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

Land for resale

Land held for resale 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.

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 Director considers 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 income and profit before tax are attributable to the principal continuing activity of the company.

3. Operating costs

	2005 £	2004 £
Land Purchases	47,413	-
Increase in stock of land	(47,413)	-
Other operating charges	1,063	1,188
	1,063	1,188

Notes to the financial statements

at 31 March 2005

4. Operating profit

This is stated after charging:

	2005 £	2004 £
Director's remuneration	-	-
Auditors' remuneration – audit services	1,000	999

5. Staff numbers

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

	2005 No.	2004 No.
Management	2	2

All staff costs are borne by the ultimate holding company and no recharge is made to this company.

6. Taxation

a) Analysis of tax charge for the year

The charge based on the profit for the year comprises:

	2005 £	2004 £
UK corporation tax on profits of the year	31,604	-
Group relief payable	-	18,347
Adjustments in respect of previous periods	4,758	-
Total current tax (note 6 (b))	36,362	18,347

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:

	2005 £	2004 £
Profit on ordinary activities before tax	117,494	77,012
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 - 30%)	35,248	23,104
Rate differences	(3,644)	(4,757)
Adjustments in respect of previous periods	4,758	-
Total current tax (note 6 (a))	36,362	18,347

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

Notes to the financial statements

at 31 March 2005

7. Debtors

	2005	2004
	£	£
Amounts due from group undertakings	-	102,211

8. 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 £2,189,210 is the company's proportion of the group bank balance (2004 - £2,113,824).

9. Share capital

	Authorised 2005 and 2004 No.	Allotted, called up and fully paid 2005 and 2004 £
Ordinary shares of £1 each	100	2

10. Profit and loss account

	£
At 1 April 2004	2,113,069
Retained profit for the year	81,132
At 31 March 2005	2,194,201

11. Reconciliation of movements in equity shareholders' funds

	2005	2004
	£	£
Profit for the financial year	81,132	58,665
Opening shareholders' funds	2,113,071	2,054,406
Closing shareholders' funds	2,194,203	2,113,071

Notes to the financial statements

at 31 March 2005

12. 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 2005 the indebtedness due by the company under the guarantee was £nil (2004 - £Nil).

13. Related party transactions

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

14. 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.