

Horncastle Properties Limited

Report and Financial Statements

31 March 2006

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 2006.

Results and dividends

The profit for the year amounts to £87,585 (2005 - £81,132) 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 2006 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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom Generally Accepted Accounting Practice.

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.

Director's report

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed above. Having made enquires of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

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

28 September 2006

Independent auditors' report

to the members of Horncastle Properties Limited

We have audited the company's financial statements for the year ended 31 March 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 13. 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 and whether the information in the Directors' Report is consistent with the financial statements.

We also 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..

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 company's circumstances, consistently applied and adequately disclosed.

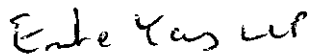
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its 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.



Ernst & Young LLP
Registered Auditor
Hull

28 September 2006

Profit and loss account

for the year ended 31 March 2006

	Notes	2006 £	2005 £
Turnover	2	-	-
Operating costs	3	6,099	1,063
Operating loss	4	(6,099)	(1,063)
Bank interest receivable		124,026	118,557
Profit on ordinary activities before taxation		117,927	117,494
Taxation charge	6	30,342	36,362
Retained profit for the financial year		87,585	81,132

Movements on retained profits are set out in note 9.

Statement of total recognised gains and losses

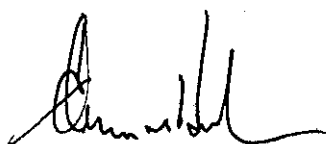
for the year ended 31 March 2006

There are no recognised gains and losses other than the profit for the financial year of £87,585 (2005 – profit of £81,132).

Balance sheet

at 31 March 2006

	Notes	2006 £	2005 £
Current assets			
Land held for resale		47,413	47,413
Cash at bank	7	2,287,058	2,189,210
		<u>2,334,471</u>	<u>2,236,623</u>
Creditors: amounts falling due within one year			
Other creditors		1,029	1,029
Amounts due to group undertakings		42,154	9,787
Corporation tax		9,500	31,604
		<u>52,683</u>	<u>42,420</u>
Total assets less liabilities		<u>2,281,788</u>	<u>2,194,203</u>
Capital and reserves			
Called up share capital	8	2	2
Profit and loss account	9	2,281,786	2,194,201
Equity shareholders' funds	10	<u>2,281,788</u>	<u>2,194,203</u>



A N Horncastle - Director

28 September 2006

Notes to the financial statements

at 31 March 2006

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

	2006 £	2005 £
Land purchases	-	47,413
Increase in stock of land	-	(47,413)
Other operating charges	6,099	1,063
	<u>6,099</u>	<u>1,063</u>

Notes to the financial statements

at 31 March 2006

4. Operating loss

This is stated after charging:

	2006	2005
	£	£
Director's remuneration	-	-
Auditors' remuneration – audit services	1,000	1,000

5. Staff numbers

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

	2006	2005
	No.	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:

	2006	2005
	£	£
UK corporation tax on profits of the year	9,500	31,604
Group relief payable	21,906	-
Adjustments in respect of previous periods	(1,064)	4,758
Total current tax (note 6 (b))	30,342	36,362

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:

	2006	2005
	£	£
Profit on ordinary activities before tax	117,927	117,494
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 - 30%)	35,378	35,248
Rate differences	(5,500)	(3,644)
Adjustments in respect of previous periods	(1,064)	4,758
Disallowed expenses and non-taxable income	1,528	-
Total current tax (note 6 (a))	30,342	36,362

Notes to the financial statements

at 31 March 2006

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

7. 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 £2,287,058 is the company's proportion of the group bank balance (2005 - £2,189,210).

8. Share capital

	<i>Authorised 2006 and 2005 No.</i>	<i>Allotted, called up and fully paid 2006 and 2005 £</i>
Ordinary shares of £1 each	100	2

9. Profit and loss account

	<i>£</i>
At 1 April 2005	2,194,201
Retained profit for the year	87,585
At 31 March 2006	2,281,786

10. Reconciliation of movements in equity shareholders' funds

	<i>2006 £</i>	<i>2005 £</i>
Profit for the financial year	87,585	81,132
Opening shareholders' funds	2,194,203	2,113,071
Closing shareholders' funds	2,281,788	2,194,203

Notes to the financial statements

at 31 March 2006

11. 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 2006 the indebtedness due by the company under the guarantee was £nil (2005 - £Nil).

12. 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.

13. 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.