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Horncastle Properties Limited

Report and Financial Statements

For the year ended 31 March 2008

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Horncastle Properties Limited

Company information

Directors A N Horncastle
D C Watson (appointed 02/04/07)

Company secretary C D Horncastle

Company number 2027226

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

Auditors Ernst and Young LLP
PO Box 3
Lowgate House
Lowgate
Hull
HU1 1JJ

Bankers HSBC Bank Plc
Merit House
Priory Park West
Saxon Way
Hessle
HU13 9PB

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Directors' Report

For the year ended 31 March 2008

The directors present their report and the financial statements for the year ended 31 March 2008

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that 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 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.

Principal activities and review of business

As at 31 March 2007, the company transferred its trade and assets to a fellow subsidiary undertaking, Cavermill Estates Limited.

The director expects the company to be non trading from that date.

Directors

The directors who served during the year were

A N Horncastle
D C Watson (appointed 02/04/07)

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Ernst and Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Horncastle Properties Limited

Directors' Report

For the year ended 31 March 2008

This report was approved by the board on 12 September 2008 and signed on its behalf



C D Horncastle
Secretary

Independent Auditors' report to the members of Horncastle Properties Limited

We have audited the company's financial statements for the year ended 31 March 2008 which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 13. These financial statements have been prepared under 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' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are 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. We also report to you whether in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we 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.

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 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 judgments 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 2008 and of its results 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

Ernst and Young LLP

Registered auditor

Hull

12 September 2008

**Profit and loss account
for the year ended 31 March 2008**

	<i>Note</i>	2008 £	2007 £
Turnover	1,2	-	75,000
Other operating charges		-	(4,699)
Operating profit	3	-	70,301
Interest receivable	5	-	119,763
Profit on ordinary activities before taxation		-	190,064
Tax on profit on ordinary activities	6	-	(57,019)
Profit on ordinary activities after taxation		-	133,045
Profit brought forward		2,414,831	2,281,786
Dividends Equity capital		(2,414,831)	-
Retained profit carried forward		-	2,414,831

All amounts relate to continuing operations

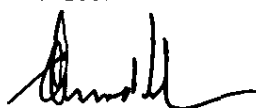
There were no recognised gains and losses for 2008 or 2007 other than those included in the Profit and loss account

The company has not traded during the year. During this period, the company received no income and incurred no expenditure other than exempted payments under the provisions of section 249A A(7) of the Companies Act 1985

**Balance sheet
as at 31 March 2008**

	Note	£	2008 t	£	2007 £
Current assets					
Debtors	7		2		2,414,833
Total assets less current liabilities			<u>2</u>		<u>2,414,833</u>
Capital and Reserves					
Called up share capital	8		2		2
Profit and loss account			-		2,414,831
Shareholders' funds	9		<u>2</u>		<u>2,414,833</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 September 2008



A N Horncastle
Director

The notes on pages 7 to 10 form part of these financial statements

Notes to the financial statements
For the year ended 31 March 2008

1 Accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

Land held for resale is valued at the lower of cost and net realisable value

1.3 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

2. Turnover

Turnover comprises the invoice value of land sold by the company. Both turnover and profit before tax are attributable to the principal activity of the company. As at 31 March 2007, the company transferred its trade and assets to a fellow subsidiary undertaking, Cavernmill Estates Limited.

All turnover arose within the United Kingdom

3. Operating profit

The operating profit is stated after charging

	2008 £	2007 £
Auditors' remuneration	-	1,000

During the year, no director received any emoluments (2007 - £NIL)

Auditors' remuneration for the year have been borne by the ultimate holding company and no recharge is made to this company

Notes to the financial statements
For the year ended 31 March 2008

4. Staff costs

The average monthly number of employees, including the directors, during the year was as follows

	2008 No	2007 No
Management	2	2

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

5 Interest receivable

	2008 £	2007 £
Bank interest receivable	-	119,763

6. Taxation

	2008 £	2007 £
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	-	13,913
Group taxation relief	-	43,106
Tax on profit on ordinary activities	-	57,019

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2007 - higher than) the standard rate of corporation tax in the UK (30%). The differences are explained below

	2008 £	2007 £
Profit on ordinary activities before tax	-	190,064
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 - 30%)	-	57,019
Effects of:		
Expenses not deductible for tax purposes	-	5,500
Marginal relief and other rate differences	-	(5,500)
Current tax charge for the year (see note above)	-	57,019

Notes to the financial statements
For the year ended 31 March 2008

7. Debtors

	2008	2007
	£	£
Amounts owed by group undertakings	2	2,414,833

8. Share capital

	2008	2007
	£	£
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

9. Reconciliation of movement in shareholders' funds

	2008	2007
	£	£
Opening shareholders' funds	2,414,833	2,281,788
Profit for the year	-	133,045
Dividends (Note 10)	(2,414,831)	-
Closing shareholders' funds	2	2,414,833

10 Dividends

	2008	2007
	£	£
Dividends paid on equity capital	2,414,831	-

11. 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 HSBC Bank Plc. At 31 March 2008 the indebtedness due by the company under the guarantee was £nil (2007 - £nil)

Notes to the financial statements
For the year ended 31 March 2008

12. Related party transactions

The company is a wholly owned subsidiary of Horncastle Group PLC, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption within FRS8 from disclosing any transactions with members of Horncastle Group PLC.

13. Ultimate 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.