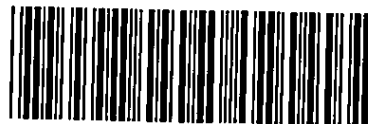


Horncastle Group PLC

Report and Financial Statements

31 March 2009

TUESDAY



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COMPANIES HOUSE

Horncastle Group PLC

Registered No: 813569

Directors

W A Horncastle - Chairman
A N Horncastle - Chief Executive
D C Watson
I R Hodges

Secretary

C D Horncastle

Auditors

Ernst & 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

Registered office

Holderness House
36 Market place
South Cave
East Yorkshire
HU15 2AT

Directors' report

The directors present their report and financial statements for the year ended 31 March 2009.

Principal activities

The company and the group's principal activity is the development of property and land and the management of residential, commercial and industrial property.

The directors are satisfied with the result for the year and are confident that the continued efforts of the group and the company management will ensure further progress.

Business review

The board has assessed that the key performance indicators that are the most effective indicators of achieving the company's objectives include:

Operating income growth	-	year on year increase in rental income
Operating profit margin	-	operating profit as a percentage of operating income
Profit realised on sale of investment properties		
Net profit margin	-	profit after taxation as a percentage of turnover
Balance sheet position	-	net assets of the business

The group's key performance indicators performance during the year were as follows:

	2009	2008	Change
	£	£	%
Operating income	1,105,258	915,791	21
Operating profit	271,972	154,760	76
(Loss)/profit after taxation	(531,014)	714,770	(174)
Net assets	21,325,235	22,602,984	(6)

Operating income amounts to £1,105,258 an increase of 21% on the prior year, due to additional properties being constructed and let during the year.

The directors are following a medium/long term plan that has seen the disposal of assets and the acquisition of land for development. This medium to long term approach has resulted in a short term reduction in income which the directors believe is acceptable given the long term resultant balance sheet growth anticipated.

The directors believe that the income from rental and management fees and operating profit represent a reasonable return on the investment given the above strategy.

Directors' report (continued)

Principal risks and uncertainties

The group has carried out a formal exercise to identify and assess the risks that impact on its business. The more significant risks and uncertainties faced by the group were identified as competitive risks such as occupancy rates margins, return on investment, proposed changes in legislation and financial risks that include credit risk, liquidity risk and interest rate risk, as set out below.

The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company.

Competitive risks

The group has a quarterly review meeting with its property management agent to review occupancy rates, voids, rent reviews and investment opportunities.

The board meets monthly to review the financial performance of the group's development activities and their joint venture projects. Minutes of the meetings are kept and record the status of each project and actions in hand.

Legislative risks

Compliance with relevant legislation is reviewed at each board meeting supported by reports from the group's advisers on construction, health and safety and property management as required.

Credit risks

The group has implemented policies that require appropriate credit checks on potential customers before rental agreements are entered into.

The group has a policy to check the credit risk in respect of joint venture parties.

Liquidity risk

The group retains sufficient cash to ensure it has sufficient available funds for operations. The group also has access to longer term funding through its available banking facilities, should it be necessary.

Interest rate cash flow risk

The group has interest bearing assets, which include only cash balances earning interest at a floating rate. The group does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

Results and dividends

The loss for the year, after taxation, amounted to £531,014 (2008 Profit: £714,770).

Final dividends of 5.40p per 'A' ordinary share and 131.323p per ordinary share were proposed by the directors and approved by the shareholders prior to the year end, and were paid subsequent to the year end.

These accounts contain a loss relating to joint venture projects amounting to £ 1,010,194 which is not expected to recur in future years.

Directors' report (continued)

Directors

The directors who served during the year were:

W A Horncastle - Chairman
A N Horncastle - Chief Executive
D C Watson
I R Hodges

Mr D C Watson retires at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

Political and charitable contributions

During the year the group made no political contributions and made various charitable contributions totalling £4,840 (2007: £5,445).

Market value of land and buildings

Investment properties, which are periodically revalued by independent property valuers, are carried at external valuations. The directors are of the opinion the open market value of group properties reflect the amounts at which they are stated in the financial statements.

Policy for payment of creditors

It is the group's policy to agree terms of payment in advance with suppliers and to pay within the time period specified, so long as the invoice is not disputed.

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 and the Group'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 and the Group's auditors in connection with preparing their report and to establish that the Company and the Group's auditors are aware of that information.

Auditors

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

By order of the Board



C D Horncastle
Secretary

11 September 2009

Statement of directors' responsibilities in respect of the financial statements

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 group and the company and of the profit or loss of the group for that period. In preparing those financial statements, 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 group and the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Horncastle Group PLC

We have audited the group and parent company financial statements (the 'financial statements') of Horncastle Group PLC for the year ended 31 March 2009 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets and the related notes 1 to 24. 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 the preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 Group PLC (continued)

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 group's and the parent company's affairs as at 31 March 2009 and of the group's loss 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

11 September 2009

Group profit and loss account

for the year ended 31 March 2009

	Notes	2009 £000	2008 £000
Turnover			
Group and share of joint venture turnover		1,700,811	1,651,896
Less: share of joint venture turnover		(1,700,811)	(1,651,896)
Group turnover	1,2	-	-
Cost of sales		-	-
Gross profit			
Administrative expenses		(570,371)	(541,161)
Other operating income	3	1,105,258	915,791
Other operating charges		(262,915)	(219,870)
Operating profit	4	271,972	154,760
Share of operating (loss)/profit in joint ventures		(1,010,194)	533,108
(Loss)/profit on ordinary activities before interest		(738,222)	687,868
Interest receivable	7	74,041	381,811
Interest payable	8	(66,588)	(309,029)
(Loss)/profit on ordinary activities before taxation		(730,769)	760,650
Tax on profit on ordinary activities	9	199,755	(45,880)
(Loss)/profit on ordinary activities after taxation		(531,014)	714,770

All amounts relate to continuing operations.

The notes on page 12 to 24 form part of these financial statements.

Note of historical cost profits and losses

	Notes	2009 £	2008 £
Historical cost (loss)/profit on ordinary activities before taxation		(730,769)	760,650
Historical (loss)/profit for the year after taxation		(531,014)	714,770

Group statement of total recognised gains and losses
for the year ended 31 March 2009

	<i>Notes</i>	<i>2009</i> £	<i>2008</i> £
<i>(Loss)/profit for the financial year</i>		(531,014)	714,770
Deficit on revaluation of tangible fixed assets		(580,182)	-
<i>Total recognised gains and losses relating to the year</i>	21	<u>(1,111,196)</u>	<u>714,770</u>

Group balance sheet

at 31 March 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Tangible fixed assets	10	13,472,126	13,183,575
Fixed asset investments	11	5,799	5,799
Investments in joint ventures			
-Share of gross assets		2,739,405	3,826,034
-Share of gross liabilities		(2,677,978)	(3,877,435)
Share of net assets	11	61,427	(51,401)
		<u>13,539,352</u>	<u>13,137,973</u>
Current assets			
Development land and buildings		7,594,562	7,516,498
Debtors	13	888,603	1,793,101
Cash at bank and in hand		1,485,784	5,090,872
		<u>9,968,949</u>	<u>14,400,471</u>
Creditors: amounts falling due within one year	14	(1,550,969)	(4,302,163)
Net current assets		<u>8,417,980</u>	<u>10,098,308</u>
Total assets less current liabilities		<u>21,957,332</u>	<u>23,236,281</u>
Creditors: amounts falling due after more than one year	16	(619,403)	(619,403)
Provisions for liabilities			
Deferred tax	17	-	-
Accruals and deferred income	18	(12,694)	(13,894)
Net assets		<u><u>21,325,235</u></u>	<u><u>22,602,984</u></u>
Capital and reserves			
Called up share capital	19	126,827	126,827
Revaluation reserve	20	4,114,991	4,695,173
Capital redemption reserve	20	588,128	588,128
Profit and loss account	20	16,495,289	17,192,856
Shareholders' funds	21	<u><u>21,325,235</u></u>	<u><u>22,602,984</u></u>

Approved by the Board



A N Horncastle
Director

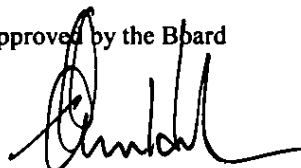
11 September 2009

Company balance sheet

at 31 May 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Tangible fixed assets	10	13,472,126	11,067
Fixed asset investments	11	706,999	706,999
		<u>14,179,125</u>	<u>718,066</u>
Current assets			
Development land and buildings		7,594,562	-
Debtors	13	888,603	3,714,605
Cash at bank and in hand		1,485,784	4,318,297
		<u>9,968,949</u>	<u>8,032,902</u>
Creditors: amounts falling due within one year	14	(17,308,460)	(400,320)
Net current (liabilities)/assets		<u>(7,339,511)</u>	<u>7,632,582</u>
Total assets less current liabilities		<u>6,839,614</u>	<u>8,350,648</u>
Creditors: amounts falling due after more than one year	16	(619,403)	(619,403)
Accruals and deferred income	18	(12,694)	-
Net assets		<u><u>6,207,517</u></u>	<u><u>7,731,245</u></u>
Capital and reserves			
Called up share capital	19	126,827	126,827
Capital redemption reserve	20	588,128	588,128
Profit and loss account	20	5,492,562	7,016,290
Shareholders' funds		<u><u>6,207,517</u></u>	<u><u>7,731,245</u></u>

Approved by the Board



A N Horncastle
Director

11 September 2009

Notes to the financial statements

at 31 March 2009

1. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings and in accordance with applicable accounting standards.

Basis of consolidation

The financial statements consolidate the financial statements of Horncastle Group PLC and all of its subsidiary undertakings ('subsidiaries').

Investments

- i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment;
- ii) **Joint venture undertakings**
Investments in joint ventures are stated at the company's share of net assets. The company's share of the profits or losses of the joint ventures is included in the Profit and Loss Account using the equity accounting basis;
- iii) **Other investments**
Investments held as fixed assets are shown at cost less provisions for their impairment.

Turnover

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	-	4 to 5 years
Furniture, fittings and equipment	-	3 to 7 years

Investment properties

Investment properties are included in the Balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to the Companies Act 1985 which states that fixed assets should be depreciated but is, in the opinion of the directors necessary in order to give a true and fair view of the financial position of the company and the group.

Notes to the financial statements

at 31 March 2009

1. Accounting policies (continued)

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.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

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.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and Loss Account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and Loss Account as the related expenditure is incurred.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Turnover

The whole of the turnover is attributable to the sale of development land and buildings and sundry sales and is wholly attributable to the company's continuing activities. All turnover arose within the United Kingdom.

3. Other operating income

	2009 £000	2008 £000
Net rents receivable	1,042,045	903,048
Sundry income	63,213	12,743
	<u>1,105,258</u>	<u>915,791</u>

Operating income comprises rents receivable and sundry income. All operating income and the profit before tax are wholly attributable to the company's continuing activities in the United Kingdom.

Notes to the financial statements

at 31 March 2009

4. Operating profit

The operating profit is stated after charging:

	2009 £	2008 £
Depreciation of tangible fixed assets:- owned by the group	13,615	17,852
Government grant release	(1,200)	(1,200)
(Profit)/loss on sale of tangible assets	-	103
Auditors' remuneration	9,000	9,000
	<u> </u>	<u> </u>

5. Staff costs

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

	2009 No.	2008 No.
Wages and salaries	507,599	480,200
Social security costs	60,902	59,153
Other pension costs	1,870	1,808
	<u> </u>	<u> </u>
	570,371	541,161
	<u> </u>	<u> </u>

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

	2009 No.	2008 No.
Management	3	3
Administration	6	7
	<u> </u>	<u> </u>
	9	10
	<u> </u>	<u> </u>

6. Directors' remuneration

	2009 £000	2008 £000
Emoluments	416,754	390,052
	<u> </u>	<u> </u>

During the year retirement benefits were accruing to 2 directors (2008: 2) in respect of money purchase pension schemes.

Notes to the financial statements

at 31 March 2009

6. Directors' remuneration (continued)

The highest paid director received remuneration of £227,871 (2008: £225,102).

Mr A N Horncastle participates in a non-contributory defined contribution pension scheme. During the year, the company did not make any contributions to the scheme on Mr A N Horncastle's behalf.

7. Interest receivable

	2009 £	2008 £
Bank interest	71,543	381,811
Other interest receivable	2,498	
	<u>74,041</u>	<u>381,811</u>

8. Interest payable

	2009 £	2008 £
On bank loans and overdrafts	37,986	65,109
On other loans	-	50,325
Share of joint ventures' interest payable	(6,782)	(11,285)
Other interest payable	1,936	171,432
Dividends paid on shares classed as debt	33,448	33,448
	<u>66,588</u>	<u>309,029</u>

9. Taxation

Analysis of tax charge in the year

	2009 £	2008 £
<i>Current tax:</i>		
UK corporation tax charge on (loss)/profit for the year	(52,278)	47,502
Adjustment in respect of prior periods	4,776	22,495
	<u>(47,502)</u>	<u>69,997</u>
Share of joint ventures' current tax	30,626	168,013
Total current tax	<u>(16,876)</u>	<u>238,010</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(183,449)	(83,250)
Adjustments in respect of prior periods	570	(108,966)
	<u>(182,879)</u>	<u>(192,216)</u>
Share of joint ventures' deferred tax	-	86
Total deferred tax	<u>(182,879)</u>	<u>(192,130)</u>
Tax on (loss)/profit on ordinary activities	<u>(199,755)</u>	<u>45,880</u>

Notes to the financial statements

at 31 March 2009

9. Tax (continued)

(b) Factors affecting current tax charges:

The tax assessed for the year is lower than (2008: higher than) the standard rate of corporation tax in the UK of 28% (30%). The differences are explained below:

	2009 £000	2008 £000
(Loss)/profit on ordinary activities	<u>(730,769)</u>	<u>760,650</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 30%)	(204,615)	226,287
<i>Effects of:</i>		
Expenses not deductible for tax purposes	173,274	1,949
Capital allowances for year in excess of depreciation	(4,611)	(3,055)
Marginal relief and other rate differences	14,300	(24,129)
Adjustments to tax charge in respect of prior periods	4,776	14,165
Difference between accounting profits and chargeable gains	1,759	-
Movement in unprovided deferred tax	<u>(1,759)</u>	<u>22,793</u>
Current tax charge for the year	<u>(16,876)</u>	<u>238,010</u>

Under the 2007 Finance Act, the rate of UK corporation tax reduced from 30% to 28% with effect from 1 April 2008.

The effect on the company of these proposed changes to the UK tax system has been fully reflected in these financial statements.

Notes to the financial statements

at 31 March 2009

10. Tangible fixed assets

<i>Group</i>	<i>Freehold land and buildings £</i>	<i>Assets under construction £</i>	<i>Motor vehicles £</i>	<i>Furniture fittings & equipment £</i>	<i>Total £</i>
<i>Cost:</i>					
At 1 April 2008	10,715,001	2,448,681	6,799	154,650	13,325,131
Additions	34,133	840,632	-	7,583	882,348
Disposals	-	-	-	-	-
Transfer between classes	3,289,313	(3,289,313)	-	-	-
Deficit on revaluation	(580,182)	-	-	-	(580,182)
At 31 March 2009	13,458,265	-	6,799	162,233	13,627,297
<i>Depreciation:</i>					
At 1 April 2008	-	-	6,799	134,757	141,556
Charge for the year	-	-	-	13,615	13,615
On disposals	-	-	-	-	-
At 31 March 2009	-	-	6,799	148,372	155,171
<i>Net book value:</i>					
At 31 March 2009	13,458,265	-	-	13,861	13,472,126
At 31 March 2008	10,715,001	2,448,681	-	19,893	13,183,575

Cost or valuation at 31 March 2009 is as follows:

	<i>Land and buildings £</i>
<i>At cost:</i>	9,642,724
<i>At valuation:</i>	
31 March 2007 on an open market value existing use basis	4,395,723
31 March 2009 on an open market value existing use basis	(580,182)
	<u>13,458,265</u>

The land and buildings were revalued on 31 March 2007 by GVA Grimley LLP on an open market existing use basis. At 31 March 2009, directors carried out a valuation internally on an open market existing use basis and provided for a deficit on revaluation.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

<i>Group</i>	<i>2009 £</i>	<i>2008 £</i>
<i>Cost:</i>	9,343,274	6,336,917
Accumulated depreciation	(17,639)	(17,639)
<i>Net book value:</i>	<u>9,325,635</u>	<u>6,319,278</u>

Notes to the financial statements

at 31 March 2009

10. Tangible fixed assets (continued)

<i>Company</i>	<i>Freehold land and Buildings £</i>	<i>Motor vehicles £</i>	<i>Furniture fittings & equipment £</i>	<i>Total £</i>
<i>Cost:</i>				
At 1 April 2008	-	6,799	109,060	115,859
Additions	-	-	7,583	7,583
Disposals	-	-	-	-
Intergroup transfers	13,458,265	-	45,590	13,503,855
At 31 March 2009	13,458,265	6,799	162,233	13,627,297
<i>Depreciation:</i>				
At 1 April 2008	-	6,799	97,993	104,792
Charge for the year	-	-	10,915	10,915
On disposals	-	-	-	-
Intergroup transfers	-	-	39,464	39,464
At 31 March 2009	-	6,799	148,372	155,171
<i>Net book value:</i>				
At 31 March 2009	13,458,265	-	13,861	13,472,126
At 31 March 2008	-	-	11,067	11,067

11. Fixed asset investments

<i>Group</i>	<i>Joint ventures and associates £</i>	<i>Unlisted investments £</i>	<i>Total £</i>
<i>Cost or valuation:</i>			
At 1 April 2008	(51,401)	5,799	(45,602)
At 31 March 2009	61,427	5,799	67,226

The unlisted investment represents a 5.5% holding of 'A' ordinary shares in GB Industries Limited. In addition the company holds an investment in the 'B' ordinary shares of GB Industries Limited, that have a nominal cost of £375,000 but whose value, in the opinion of the directors, has been permanently impaired. The investment is therefore held at net book value of £nil.

Joint ventures and associates	£
At 1 April 2008	(51,401)
Share of loss retained by joint ventures	(1,159,037)
Provision for loss restriction to group	1,271,865
At 31 March 2009	61,427

Notes to the financial statements

at 31 March 2009

11. Fixed asset investments (continued)

Company

	Shares in Group undertakings £	Joint ventures & associates £	Unlisted investments £	Total
<i>Cost or valuation:</i>				
At 1 April 2008 and 31 March 2009	700,100	1,100	5,799	706,999

Details of the principal subsidiaries and joint ventures can be found under note number 12.

12. Principal subsidiaries and joint ventures

a. Principal subsidiaries

Company name	Country	% Shareholding	Description
Cavermill Estates Ltd	UK	100	Property development, management and investment
Horncastle Homes Ltd	UK	100	Builders
Horncastle Properties Ltd	UK	100	Land trading
Clarpont Limited	UK	100	Property investment

b. Principal joint ventures

Company name	Country	% Shareholding	Description
Pure Urban Ltd	UK	33	Property Development
Centre Renewals Ltd	UK	50	Residential builders
Boundary Business Park Ltd	UK	25	Property and land development

Transactions with the joint venture and associate companies have been disclosed in the related parties note, (note 24).

13. Debtors

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Trade debtors	227,215	348,124	227,215	79,789
Amounts owed by group undertakings	-	-	-	2,321,409
Amounts owed by undertakings in which the company has a participating interest	341,122	1,254,900	341,122	1,254,900
Other debtors	42,440	84,494	42,440	-
Prepayments and accrued income	38,380	101,294	38,380	54,255
Tax recoverable	52,278	-	52,278	-
Deferred tax asset(see note 17)	187,168	4,289	187,168	4,252
	888,603	1,793,101	888,603	3,714,605

Notes to the financial statements

at 31 March 2009

14. Creditors: amounts falling due within one year

	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans and overdrafts	766,068	750,000	766,068	-
Trade creditors	61,082	382,284	61,082	20,642
Amounts owed to group undertakings	-	-	15,757,494	103,312
Corporation tax	-	47,502	-	20,000
Social security and other taxes	60,017	53,149	60,017	35,905
Proposed dividend	200,001	200,001	200,001	200,001
Other creditors	107,365	2,500,000	107,365	-
Accruals and deferred income	356,436	369,227	356,433	20,460
	<u>1,550,969</u>	<u>4,302,163</u>	<u>17,308,460</u>	<u>400,320</u>

15. Bank loans and overdraft

Group

	<i>2009</i>	<i>2008</i>
	<i>£</i>	<i>£</i>
Property development loan – repayable on demand	<u>766,068</u>	<u>750,000</u>

Company

	<i>2009</i>	<i>2008</i>
	<i>£</i>	<i>£</i>
Property development loan – repayable on demand	<u>766,068</u>	<u>-</u>

Property development loan is repayable on demand, which carries interest rate of 1.15% over bank base rate.

The group also has an overdraft facility maintained with HSBC Bank plc including its subsidiary undertakings; the group does not have any amounts outstanding against group overdraft facility at the year end.

The above facilities are secured by fixed charge on certain freehold land and buildings of the group together with a cross guarantee from Horncastle Group PLC and its subsidiary Cavermill Estates Limited.

Notes to the financial statements

at 31 March 2009

16. Creditors: amounts falling due after more than one year

	<i>Group</i> <i>2009</i> <i>£000</i>	<i>Group</i> <i>2008</i> <i>£000</i>	<i>Company</i> <i>2009</i> <i>£000</i>	<i>Company</i> <i>2008</i> <i>£000</i>
Share capital treated as debt (note 19) (Not repayable within 5 years)	619,403	619,403	619,043	619,403
	<u>619,043</u>	<u>619,403</u>	<u>619,043</u>	<u>619,403</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 19.

The above transaction has been entered into on an arm's length basis in the ordinary course of business and has been approved by the board of directors.

17. Deferred taxation

	<i>Group</i> <i>2009</i> <i>£000</i>	<i>Group</i> <i>2008</i> <i>£000</i>	<i>Company</i> <i>2009</i> <i>£000</i>	<i>Company</i> <i>2008</i> <i>£000</i>
At 1 April 2008	4,289	4,289	4,252	4,252
Provided during the year	183,449	-	182,910	-
Other movements	(570)	-	6	-
At 31 March 2009	<u>187,168</u>	<u>4,289</u>	<u>187,168</u>	<u>4,252</u>

The deferred taxation balance is made up as follows:

	<i>Group</i> <i>2009</i> <i>£000</i>	<i>Group</i> <i>2008</i> <i>£000</i>	<i>Company</i> <i>2009</i> <i>£000</i>	<i>Company</i> <i>2008</i> <i>£000</i>
Accelerated capital allowances	2,579	4,289	2,579	4,252
Other timing differences	184,589	-	184,589	-
	<u>187,168</u>	<u>4,289</u>	<u>187,168</u>	<u>4,252</u>

18. Accruals and deferred income

	<i>Group</i> <i>2009</i> <i>£000</i>	<i>Group</i> <i>2008</i> <i>£000</i>	<i>Company</i> <i>2009</i> <i>£000</i>	<i>Company</i> <i>2008</i> <i>£000</i>
Grants	12,694	13,894	12,694	-

Notes to the financial statements

at 31 March 2009

19. Share capital

Group and Company

Shares classified as capital

	2009 £000	2008 £000
<i>Authorised:</i>		
198,000 Ordinary shares of £1 each	198,000	198,000
<i>Allotted, called up and fully paid:</i>		
126,827 Ordinary shares of £1 each	126,827	126,827
<i>Shares classified as debt</i>		
<i>Authorised:</i>		
1,179,000 'A' Ordinary shares of £1 each	1,179,000	1,179,000
<i>Allotted, called up and fully paid:</i>		
619,403 'A' Ordinary shares of £1 each	619,403	619,403

The 'A' ordinary shares carry an annual gross preferential dividend of 6 pence each. The dividend rights are cumulative.

The 'A' ordinary shares carry voting rights which rank pari passu with the ordinary shares on a show of hands but carry only one vote for every 100,000 shares held in a poll vote. On a winding up of the company the 'A' ordinary shareholders have a right to receive, in preference to payments to ordinary shareholders, £1 per share.

20. Reserves

Group

	Capital redemption reserve £	Revaluation reserve £	Profit & loss account £
At 1 April 2008	588,128	4,695,173	17,192,856
Loss for the year	-	-	(531,014)
Dividends: Equity capital	-	-	(166,553)
Deficit on revaluation	-	(580,182)	-
At 1 March 2009	588,128	4,114,991	16,495,289

Notes to the financial statements

at 31 March 2009

20. Reserves (continued)

Company

	<i>Capital redemption reserve</i>	<i>Profit & loss account</i>
	£	£
At 1 April 2008	588,128	7,016,290
Loss for the year	-	(1,357,175)
Dividends: Equity capital	-	(166,553)
At 1 March 2009	<u>588,128</u>	<u>5,492,562</u>

21. Reconciliation of movements in shareholders' funds

Group

	2009	2008
	£	£
Opening shareholders' funds	22,602,984	22,054,767
(Loss)/profit for the year	(531,014)	714,770
Dividends (note 22)	(166,553)	(166,553)
Other recognised gains and losses during the year	(580,182)	-
Closing shareholders' funds	<u>21,325,235</u>	<u>22,602,984</u>

Company

	2009	2008
	£	£
Opening shareholders' funds	7,731,245	2,849,778
(Loss)/profit for the year	(1,357,177)	5,048,020
Dividends (note 22)	(166,553)	(166,553)
Closing shareholders' funds	<u>6,207,515</u>	<u>7,731,245</u>

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own Profit and Loss Account.

The loss for the year dealt with in the financial statements of the company was £ 1,357,177 (2008: Profit £5,048,020).

22. Dividends

	2009	2008
	£	£
<i>Dividends paid on equity capital:</i>		
Ordinary: 131.323 per ordinary share	166,553	166,553
Total dividends paid on equity capital	<u>166,553</u>	<u>166,553</u>

Notes to the financial statements

at 31 March 2009

22. Dividends (continued)

	2009 £	2008 £
<i>Dividends paid on shares classed as debt:</i>		
'A' ordinary share: 5.40p per 'A' ordinary share	33,448	33,448
Total dividends paid on shares classed as debt	<u>33,448</u>	<u>33,448</u>

Final dividends of 5.40p per 'A' ordinary share and 131.323p per ordinary share were proposed by the directors and approved by the shareholders prior to the year end, and were paid subsequent to the year end.

23. Pension commitments

The group operates a defined contribution pension scheme for senior employees. The scheme is a funded scheme whose assets are held separately from those of the company in separately administered funds. The unpaid contributions outstanding at the year end included in other creditors are £ nil (2008: £nil).

24. Related party transactions

During the year the group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and balances outstanding at 31 March, are as follows:

		<i>Amounts owed from related party</i>
	<i>Management fee Charged to Related party</i>	<i>party</i>
	£	£
Centre Renewals Limited	- 2009	-
	- 2008	-
Pure Urban Limited	- 2009	153,400
	- 2008	100,000
Boundary Business Park Limited	- 2009	62,500
	- 2008	50,000
		<u>230,400</u>

The amounts have no fixed repayment terms and are non-interest bearing.

In addition, Mr I Hodges is also the owner of Ian Hodges & Co. Ian Hodges & Co acts as a property agent for the group's investment property portfolio. For these services Ian Hodges & Co. earned fees of £ 54,560 (2008: £61,977). The amount owed to the company at the year end from Ian Hodges & Co. was £522 (2008: £nil).

In addition, Ian Hodges & Co. act as agent for the Centre Renewals Limited's forward sales and resale functions. For these services Ian Hodges & Co. earned fees of £nil (2008: £3,583).

All the above transactions have been entered into on an arm's length basis in the ordinary course of business and have been approved by the board of directors.