

ELECO TIMBER FRAME LIMITED

(formerly GNS UK Limited)

Registered Number: 02373607

FINANCIAL STATEMENTS

for the year ended 30 JUNE 2004

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ELECO TIMBER FRAME LIMITED**DIRECTORS' REPORT**

The Directors submit their report and accounts for the year ended 30 June 2004.

RESULTS AND DIVIDEND

The profit for the financial year was £0. The Directors do not recommend the payment of an ordinary dividend.

REVIEW OF THE BUSINESS

The company's principal activity, since acquiring the business and certain assets of Redframe Timber Engineering Limited on 29 June 2004, was the manufacturing and supply of timber frame and floor joist products though no material activity took place in this period and so no profit and loss account is presented.

The company changed its name to Eleco Timber Frame Limited on 5 July 2004.

DIRECTORS AND THEIR INTERESTS

The Directors, who served in the year, had the following interests in the ordinary share capital of the holding Company, Eleco plc:

	Ordinary Shares of 10p each or on		Options over Ordinary Shares of 10p each			
	At 30.6.2004	appointment	At 30.6.2004	Granted during year	Exercised during year	or on appointment
L N Holdcroft	Nil	Nil	Nil	Nil	Nil	Nil
J H B Ketteley						
PJ Taylor (appointed 30 June 2004)						

(Director of Eleco plc)

(Director of Eleco plc)

The interests of J H B Ketteley and P J Taylor in the shares of the holding company are shown in the accounts of Eleco plc.

The company maintains Directors' and Officers' Liability insurance.

AUDITORS

The auditors, Ernst & Young LLP, are automatically re-appointed by virtue of an elective resolution.

BY ORDER OF THE BOARD

Eleco House
15 Gentlemen's Field
Westmill Road
Ware SG12 0EF

22 December 2004



L N Holdcroft
Secretary

ELECO TIMBER FRAME LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company 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 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 which disclose with reasonable accuracy at any time the financial position of 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**ELECO TIMBER FRAME LIMITED**

We have audited the company's financial statements for the year ended 30 June 2004 which comprise the Balance Sheet and the related notes 1 to 10. 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 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.

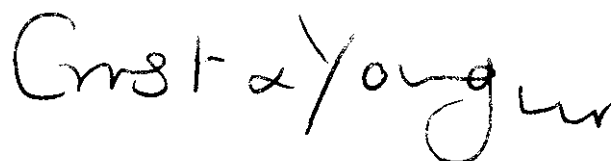
Basis of audit opinion

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 30 June 2004 and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Luton
22 December 2004

ELECO TIMBER FRAME LIMITED**BALANCE SHEET as at 30 JUNE**

	<u>NOTES</u>	<u>2004</u> £	<u>2003</u> £
FIXED ASSETS			
Tangible Assets:			
Plant, equipment and vehicles	1&3	<u>56,822</u>	<u>-</u>
		56,822	-
CURRENT ASSETS			
Stocks	1&4	15,000	-
Debtors	5	<u>100</u>	<u>100</u>
		15,100	100
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	6	<u>(71,822)</u>	<u>-</u>
NET CURRENT (LIABILITIES) / ASSETS		(56,722)	100
NET ASSETS		<u>£ 100</u>	<u>£ 100</u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account		-	-
EQUITY SHAREHOLDERS' FUNDS		<u>£ 100</u>	<u>£ 100</u>

The financial statements on pages 4 to 7 were approved by the board of directors on
and signed on its behalf by:

December 2004,



L N HOLDCROFT - DIRECTOR

ELECO TIMBER FRAME LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 June 2004

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below.

Basis of accounting:

The accounts are prepared under the historical cost convention.

Tangible fixed assets:

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation:

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less the estimated residual value of each asset, evenly over its expected useful life as follows:-

Plant, equipment and vehicles	-	2 to 10 years
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Stocks and work-in-progress:

Stocks, including work in progress, are valued at the lower of cost and net realisable value. Cost is the cost of direct materials and labour plus attributable overheads based on the normal level of activity. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and on disposal.

Finance and operating leases:

As lessee: Leasing agreements, which transfer to the group substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright ("finance leases"). Assets acquired under finance leases are capitalised in the balance sheet as tangible fixed assets and are depreciated accordingly. The capital element of the lease commitments is shown as obligations under finance leases. The capital element of finance leases is applied to reduce the outstanding obligations and the interest element of the rental obligations is charged to profit and loss over the period of the lease in proportion to the reducing capital balance outstanding. Amounts paid under operating leases are charged to income as incurred.

Cash flow:

The company is a wholly owned subsidiary of Eleco plc and the cash flows of the company are included in the consolidated group cash flow statement of Eleco plc. Consequently the company is exempt from the requirement to publish a cash flow statement.

Deferred taxation:

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

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- 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 an undiscounted 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.

ELECO TIMBER FRAME LIMITED**NOTES TO THE ACCOUNTS(continued) for the year ended 30 June 2004****2 EMPLOYEES (including directors)**

The monthly average number of employees during the year are as follows:

	<u>2004</u>	<u>2003</u>
	<u>No.</u>	<u>No.</u>
Management	<u>2</u>	<u>2</u>

3 TANGIBLE FIXED ASSETS

	Plant, equipment and vehicles £
Cost:	
At 1 July 2003	-
Additions	56,822
At 30 June 2004	<u>56,822</u>
Accumulated Depreciation:	
At 1 July 2003	-
Charge for the year	-
At 30 June 2004	<u>-</u>
Net book value at 30 June 2004	<u>56,822</u>
Net book value at 30 June 2003	<u>-</u>

4 STOCKS

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Other	<u>15,000</u>	<u>-</u>

5 DEBTORS

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Due within one year:		
Amounts owed by group undertakings	<u>100</u>	<u>100</u>

ELECO TIMBER FRAME LIMITED**NOTES TO THE ACCOUNTS(continued) for the year ended 30 June 2004**

6 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>2004</u>	<u>2003</u>
	£	£
Amount owed to parent undertaking	48,739	-
Accruals and deferred income	23,083	-
	<u>71,822</u>	<u>-</u>
7 CALLED UP SHARE CAPITAL	<u>2004</u>	<u>2003</u>
	£	£
Authorised:		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
8 OPERATING LEASE OBLIGATIONS	<u>2004</u>	<u>2003</u>
	£	£
The Company has the following annual commitments as at 30 June 2004 in respect of non-cancellable operating leases which expire:	Land & Buildings	Land & Buildings
Between 2 and 5 years inclusive	<u>58,850</u>	<u>-</u>
9 ULTIMATE PARENT COMPANY		
The Directors regard Eleco plc, a company registered in England and Wales, as the ultimate controlling parent undertaking. Copies of the ultimate controlling parent's consolidated financial statements may be obtained from the Company Secretary, Eleco plc, Eleco House, 15 Gentlemen's Field, Westmill Road, Ware SG12 0EF. According to the register kept by the company, Eleco plc, a company incorporated in England and Wales, has a 100% interest in the equity capital of the company at 30 June 2004.		
10 RELATED PARTY TRANSACTIONS		
The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of Eleco plc or subsidiaries.		