

FALCONER ROAD PROPERTY LIMITED

(formerly Eleco Timber Frame Limited)

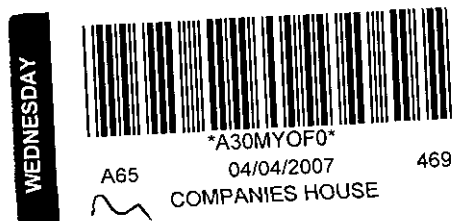
Registered Number: 02373607

FINANCIAL STATEMENTS

for the year ended 30 JUNE 2006

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FALCONER ROAD PROPERTY LIMITED
(formerly Eleco Timber Frame Limited)
DIRECTORS' REPORT

The Directors submit their report and accounts for the year ended 30 June 2006.

On 7 November 2006 the Company changed its name from Eleco Timber Frame Limited to Falconer Road Property Limited.

RESULTS AND DIVIDEND

The loss for the financial year was £366,338. The Directors do not recommend the payment of an ordinary dividend.

REVIEW OF THE BUSINESS

The Company's principal activity during the year was the manufacturing and supply of timber frame and floor joist products.

With effect from 30 June 2006, the business and certain assets of the Company were acquired by Eleco Building Components Limited, a fellow subsidiary of Eleco plc. The Company has therefore ceased to trade on its own account.

DIRECTORS AND THEIR INTERESTS

On 3 January 2006 L N Holdcroft resigned and I A Barton was appointed as a director of the Company.

The interests of D S Dannhauser 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.

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 enquiries to fellow Directors and of the Company's Auditors, each of the 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 the Company's Auditors are unaware and each Director has taken all 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 the information.

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

21 December 2006



I A Barton
Secretary

FALCONER ROAD PROPERTY LIMITED
(formerly 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

FALCONER ROAD PROPERTY LIMITED
(formerly Eleco Timber Frame Limited)

We have audited the Company's financial statements for the year ended 30 June 2006 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 18. 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, are properly prepared in accordance with the Companies Act 1985 and whether the information given 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.

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 30 June 2006 and of its result 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 & Young LLP
Registered Auditor
Luton
21 December 2006

FALCONER ROAD PROPERTY LIMITED
(formerly Eleco Timber Frame Limited)

PROFIT AND LOSS ACCOUNT
for the year ended 30TH JUNE

	NOTES	<u>2006</u> £	<u>2005</u> £
Turnover	2	2,396,340	1,995,711
Cost of sales		(2,128,897)	(1,572,497)
Gross profit		<u>267,443</u>	<u>423,214</u>
Distribution costs		(75,663)	(75,588)
Administrative and selling expenses		(498,728)	(310,410)
Operating (loss) / profit		<u>(306,948)</u>	<u>37,216</u>
Interest receivable	4	782	-
Interest payable	5	(40,114)	(10,231)
(Loss) / profit on ordinary activities before taxation	6	<u>(346,280)</u>	<u>26,985</u>
Tax on result on ordinary activities	7	(20,058)	(9,580)
(Loss) / profit for the financial year		<u><u>(366,338)</u></u>	<u><u>17,405</u></u>

All of the Company's operations are discontinued as with effect from 30 June 2006, the business and certain assets of the Company were acquired by Eleco Building Components Limited, a fellow subsidiary of Eleco plc. The Company has therefore ceased to trade on its own account.

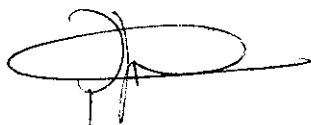
The Company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

FALCONER ROAD PROPERTY LIMITED
(formerly Eleco Timber Frame Limited)

BALANCE SHEET as at 30 JUNE

	<u>NOTES</u>	<u>2006</u> £	<u>2005</u> £
FIXED ASSETS			
Tangible Assets:			
Land and buildings	1&8	-	-
Plant, equipment and vehicles	1&8	-	154,222
			154,222
CURRENT ASSETS			
Stocks	1&9	-	74,784
Debtors	10	-	905,353
Bank balances and cash in hand		-	153
		-	980,290
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(280,726)</u>	<u>(1,107,427)</u>
NET CURRENT LIABILITIES		(280,726)	(127,137)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(280,726)</u>	<u>27,085</u>
CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(48,107)	-
PROVISIONS FOR LIABILITIES AND CHARGES	13	<u>(20,000)</u>	<u>(9,580)</u>
		(68,107)	(9,580)
NET (LIABILITIES) / ASSETS		<u>£(348,833)</u>	<u>£ 17,505</u>
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Profit and loss account		(348,933)	17,405
SHAREHOLDERS' (DEFICIT) / EQUITY	15	<u>£(348,833)</u>	<u>£ 17,505</u>

The financial statements on pages 4 to 10 were approved by the board of directors on 21 December 2006, and signed on its behalf by:



P J TAYLOR - DIRECTOR

FALCONER ROAD PROPERTY LIMITED
(formerly Eleco Timber Frame Limited)

NOTES TO THE ACCOUNTS for the year ended 30 June 2006

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.

Changes in presentation of financial information:

The accounting policies adopted are the same as the previous period, except that the Company has adopted FRS21 - Events after the balance sheet date.

Under FRS 21 proposed dividends are not recognised as a liability on the balance sheet unless they are declared by the balance sheet date.

It has not been necessary to restate comparative figures to reflect this change of policy.

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.

FALCONER ROAD PROPERTY LIMITED
(formerly Eleco Timber Frame Limited)

NOTES TO THE ACCOUNTS(continued) for the year ended 30 June 2006

2 TURNOVER

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied. The turnover and (loss) / profit on ordinary activities before taxation are wholly attributable to the Company's principal activity, which is carried out entirely within the United Kingdom.

3 EMPLOYEES (including directors)

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

	<u>2006</u>	<u>2005</u>
	<u>No.</u>	<u>No.</u>
Management	3	3
Administration	1	1
Production and sales	35	21
	<u>39</u>	<u>25</u>

Staff costs during the year amounted to:-

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Wages and salaries	698,267	384,775
Social security cost	60,358	37,125
	<u>758,625</u>	<u>421,900</u>

4 INTEREST RECEIVABLE

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Bank	782	-
	<u>782</u>	<u>-</u>

5 INTEREST PAYABLE

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Bank loans and overdrafts	13,402	3,227
Payable to group undertakings	26,712	7,004
	<u>40,114</u>	<u>10,231</u>

6 (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is arrived at after charging (or crediting):-

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Profit on disposal of business	(2)	-
Auditors' remuneration for:		
Audit	4,000	3,000
Operating leases:		
Plant hire	20,682	13,246
Other	93,632	31,945
Depreciation (notes 1 and 8):		
Owned assets	45,588	8,829

FALCONER ROAD PROPERTY LIMITED
(formerly Eleco Timber Frame Limited)

NOTES TO THE ACCOUNTS(continued) for the year ended 30 June 2006

7 TAX ON RESULT ON ORDINARY ACTIVITIES

a) Tax on profit on ordinary activities

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Deferred tax:		
Origination and reversal of timing differences	20,058	9,580
Total deferred tax	<u>20,058</u>	<u>9,580</u>
Tax on profit on ordinary activities	<u><u>20,058</u></u>	<u><u>9,580</u></u>

b) Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
(Loss) / profit on ordinary activities before taxation	<u>(346,280)</u>	<u>26,985</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2005: 30%)	(103,884)	8,096
Effects of:		
Expenses not deductible for tax purposes	1,871	2,837
Shortfall of capital allowances relative to depreciation	(20,058)	(9,580)
Group relief	122,071	(1,210)
Marginal relief	-	(143)
Current tax charge for the year	<u><u>-</u></u>	<u><u>-</u></u>

c) Factors that may affect future tax charges

Future tax charges may be affected by a similar range of factors to those listed above.

8 TANGIBLE FIXED ASSETS

	Land and buildings £	Plant, equipment and vehicles £
Cost:		
At 1 July 2005	-	163,051
Additions	70,697	340,778
Disposals	-	(438,195)
Disposals: Intra-group transfers	(70,697)	(65,634)
At 30 June 2006	<u><u>-</u></u>	<u><u>-</u></u>
Accumulated Depreciation:		
At 1 July 2005	-	8,829
Charge for the year	5,480	40,108
Disposals	(5,480)	(48,937)
At 30 June 2006	<u><u>-</u></u>	<u><u>-</u></u>
Net book value at 30 June 2006	<u><u>-</u></u>	<u><u>-</u></u>
Net book value at 30 June 2005	<u><u>-</u></u>	<u><u>154,222</u></u>

The above net book value is comprised of:

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Land and buildings:		
Improvements to leasehold premises	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

FALCONER ROAD PROPERTY LIMITED
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NOTES TO THE ACCOUNTS(continued) for the year ended 30 June 2006

9 STOCKS	<u>2006</u>	<u>2005</u>
	£	£
Raw materials and components	-	51,850
Work in progress	-	22,934
	<u>-</u>	<u>74,784</u>
10 DEBTORS	<u>2006</u>	<u>2005</u>
	£	£
Due within one year:	-	-
Trade debtors	-	861,814
Prepayments and accrued income	-	43,539
	<u>-</u>	<u>905,353</u>
11 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>2006</u>	<u>2005</u>
	£	£
Bank overdrafts (see below)	-	311,224
Trade creditors	-	341,089
Amount owed to parent undertaking	-	354,367
Amounts owed to group undertakings	280,726	63,872
Other taxes and social security costs	-	14,649
Accruals and deferred income	-	22,226
	<u>280,726</u>	<u>1,107,427</u>
12 CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	<u>2006</u>	<u>2005</u>
	£	£
Amounts owed to group undertaking	48,107	-
	<u>48,107</u>	<u>-</u>
13 PROVISIONS FOR LIABILITIES AND CHARGES		
	Deferred Tax (see below)	Other £
	£	£
At 1 July 2005	9,580	-
Transfer from profit and loss account	20,058	20,000
	(29,638)	-
At 30 June 2006	<u>-</u>	<u>20,000</u>
Other provisions represent potential liabilities on vacated properties.		
Deferred taxation		
The total tax deferred to date based on a corporation tax rate of 30.00% (2005: - 30.00%) comprises:-	<u>2006</u>	<u>2005</u>
	£	£
Accelerated relief on capital expenditure	<u>-</u>	<u>(9,580)</u>
14 CALLED UP SHARE CAPITAL	<u>2006</u>	<u>2005</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>

FALCONER ROAD PROPERTY LIMITED
(formerly Eleco Timber Frame Limited)

NOTES TO THE ACCOUNTS(continued) for the year ended 30 June 2006

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' EQUITY	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
(Loss) / profit on ordinary activities after taxation	(366,338)	17,405
Net (decrease) / increase in shareholders' equity	(366,338)	17,405
Opening shareholders' equity	17,505	100
Closing shareholders' (deficit) / equity	<u>(348,833)</u>	<u>17,505</u>

16 OPERATING LEASE OBLIGATIONS	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
The Company has the following annual commitments as at 30 June 2006 in respect of non-cancellable operating leases which expire:	Land & Buildings	Land & Buildings
Within one year	-	52,192
Between 2 and 5 years inclusive	-	-
After five years	-	70,000
	<u>-</u>	<u>122,192</u>

17 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 of Members kept by the Company, Eleco plc has a 100% interest in the equity capital of the Company at 30 June 2006.

18 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.