

Ellmer Homes Limited
Directors' Report and Financial Statements
for the year ended 31st May 2000



Ellmer Homes Limited

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Ellmer Homes Limited

Company Information

Directors	P. A. Byrne, Esq. <i>(Appointed 9th December 1999)</i> J. J. Byrne, Esq. P. Dwight, Esq. A. M. Dowle, Esq. G. M. Hull, Esq.
Secretary	P. A. Byrne, Esq.
Company Number	3423607 (England and Wales)
Registered Office	13-15 White Hart Lane Barnes London SW13 0PX
Auditors	Riordan O'Sullivan & Co. Chartered Certified Accountants Registered Auditors 40 Chamberlayne Road London NW10 3JE
Bankers	Allied Irish Bank Plc 14 Neeld Parade Wembley Hill Road Middlesex HA9 6SW
Solicitors	Ashworths 8 The Broadway Wimbledon London SW19 1RF

Ellmer Homes Limited

Directors' Report for the year ended 31st May 2000

The directors present their report and the financial statements for the year ended 31st May 2000.

Principal activity and review of the business

The company's principal activity continues to be that of property development.

Results and dividends

The results for the year are set out on page 4.

The directors consider the results to be very satisfactory and feel that the company is well placed to take advantage of business opportunities. They do not recommend the payment of a dividend.

Review of business

The year has seen a substantial increase in sales of completed units and this will support the company in the forthcoming year in its investment in land for future development.

The company expects that the forthcoming year will see a reduction in turnover due to the number of projects that will be under construction at the end of the financial year. However, that will be reversed in the year following as projects are completed and sales are achieved.

Future prospects

The company expects that the forthcoming year will see a stabilising of house and property prices.

The government and industry surveys show continuing shortage of new residential properties compared with the forecast demand and the company acquisition strategy will fully complement the government's policy of sustainable development by making best use of urban land.

The general market demand and price for houses and property is expected to be maintained throughout the forthcoming year.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

Interest in £1 Ordinary shares at 31st May 2000 and 1st June 1999

P. A. Byrne, Esq.	-
J. J. Byrne, Esq.	-
P. Dwight, Esq.	-
A. M. Dowle, Esq.	-
G. M. Hull, Esq.	-

P. A. Byrne, Esq., who was appointed a director on 9th December 1999, and J. J. Byrne, Esq. jointly hold 100% of the issued share capital of Byrne Group plc., which is the ultimate holding company of Ellmer Homes Limited. By virtue of these shareholdings, P. A. Byrne Esq. and J. J. Byrne Esq., have beneficial interest in the entire share capital of this company.

Ellmer Homes Limited

Directors' Report for the year ended 31st May 2000

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 year. In preparing these the directors are required to:

- select suitable accounting policies and 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;
- 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.

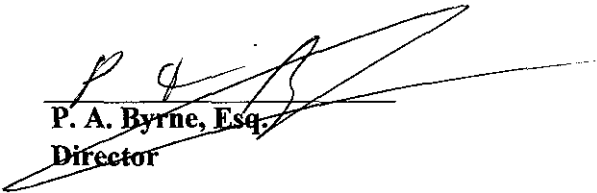
Close company status

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

Auditors

The auditors, Riordan O'Sullivan & Co., are deemed to be re-appointed in accordance with Section 386(1) of the Companies Act 1985 by virtue of an elective resolution passed by the members on 1st December 2000.

This report was approved by the Board on 19th December 2000 and signed on its behalf by:



P. A. Byrne, Esq.
Director

Ellmer Homes Limited

Auditors' report to the shareholders of Ellmer Homes Limited

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 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 the company's affairs as at 31st May 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Riordan O'Sullivan & Co.

Riordan O'Sullivan & Co.
Chartered Certified Accountants
Registered Auditors
40 Chamberlayne Road
London
NW10 3JE

19th December 2000

Ellmer Homes Limited

**Profit and Loss Account
for the year ended 31st May 2000**

		2000	1999
	Notes	£	£
Turnover	2	6,980,016	404,200
Cost of sales		(6,401,176)	(352,656)
Gross profit		<u>578,840</u>	<u>51,544</u>
Administrative expenses		(215,063)	(2,924)
Operating profit	3	<u>363,777</u>	<u>48,620</u>
Interest payable and similar charges	4	<u>(87,395)</u>	<u>-</u>
Profit on ordinary activities before taxation		276,382	48,620
Tax on profit on ordinary activities	5	(83,080)	(10,930)
Retained profit for the year		<u>193,302</u>	<u>37,690</u>
Retained profit brought forward		56,735	19,045
Retained profit carried forward		<u><u>250,037</u></u>	<u><u>56,735</u></u>

There are no recognised gains or losses other than the profit or loss for the above financial years.

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

Ellmer Homes Limited

**Balance Sheet
as at 31st May 2000**

	Notes	2000 £	1999 £
Current assets			
Stocks	6	2,739,335	5,127,944
Debtors	7	9,920	9,955
Cash at bank and in hand		113,502	9,406
		<u>2,862,757</u>	<u>5,147,305</u>
Creditors: amounts falling due within one year	8	(2,612,620)	(5,090,470)
Net current assets		<u>250,137</u>	<u>56,835</u>
Net assets		<u>250,137</u>	<u>56,835</u>
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account		250,037	56,735
Equity shareholders' funds	10	<u>250,137</u>	<u>56,835</u>

The financial statements were approved by the board on 19th December 2000 and signed on its behalf:


Patrick Anthony Byrne, Esq.
Director


Peter Dwight, Esq.
Director

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

Ellmer Homes Limited

Cash Flow Statement for the year ended 31st May 2000

Notes	2000 £	1999 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	363,777	48,620
Decrease / (increase) in stocks	2,388,609	(4,546,244)
Decrease in debtors	35	176,595
(Decrease) / increase in creditors	(2,549,880)	4,335,497
Net cash inflow from operating activities	<u>202,541</u>	<u>14,468</u>
CASH FLOW STATEMENT		
Net cash inflow from operating activities	202,541	14,468
Returns on investments and servicing of finance	(87,395)	-
Taxation	(11,050)	(5,062)
Increase in cash in the year	<u>104,096</u>	<u>9,406</u>
Reconciliation of net cash flow to movement in net funds (Note 14)		
Increase in cash in the year	104,096	9,406
Net funds at 1st June 1999	9,406	-
Net funds at 31st May 2000	<u>113,502</u>	<u>9,406</u>

Ellmer Homes Limited

Notes to the Financial Statements for the year ended 31st May 2000

1. Accounting Policies

1.1. Accounting convention

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

1.2. Turnover

Turnover represents the sale of developments, exclusive of value added tax.

1.3. Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Development land	-	lower of cost and net realisable value
Completed developments	-	lower of cost and net realisable value
Work in progress	-	cost of direct materials, labour and attributable overheads

1.4. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

2000	1999
£	£

(a) Operating profit for the year was arrived at after charging:

Auditors' remuneration		
- for audit services	1,000	1,000
- for other services	1,000	1,000

(b) Particulars of employees:

	<u>No.</u>	<u>No.</u>
(i) The average number of employees during the year was:		
Directors	5	5

(ii) Emoluments of directors:

The directors are remunerated by group undertakings.

Ellmer Homes Limited

**Notes to the Financial Statements
for the year ended 31st May 2000**

4.	Interest payable and similar charges	2000	1999
		£	£
	Other charges payable to group undertaking	87,395	-
		<u>87,395</u>	<u>-</u>
5.	Taxation	2000	1999
		£	£
	UK Corporation tax at 30.00% (1999 - 22.45%)	82,960	10,930
	Under provision in previous year	120	-
		<u>83,080</u>	<u>10,930</u>
6.	Stocks	2000	1999
		£	£
	Development land	1,753,000	2,366,877
	Completed developments	-	636,493
	Work-in-progress	986,335	2,124,574
		<u>2,739,335</u>	<u>5,127,944</u>
7.	Debtors	2000	1999
		£	£
	Amounts owed by group undertakings	9,920	1,272
	Other debtors	-	8,683
		<u>9,920</u>	<u>9,955</u>

Ellmer Homes Limited

**Notes to the Financial Statements
for the year ended 31st May 2000**

8. Creditors: amounts falling due within one year	2000	1999
	£	£
Trade creditors	101,533	29,465
Amounts owed to group undertaking	2,306,810	5,048,075
Corporation tax	82,960	10,930
Other taxes and social security costs	66,717	-
Other creditors	52,600	-
Accruals and deferred income	2,000	2,000
	<u>2,612,620</u>	<u>5,090,470</u>
9. Share capital	2000	1999
	£	£
Authorised equity		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid equity		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
10. Reconciliation of movements in shareholders' funds	2000	1999
	£	£
Profit for the year	359,390	37,690
Opening shareholders' funds	56,835	19,145
Closing shareholders' funds	<u>416,225</u>	<u>56,835</u>

11. Indebtedness, guarantees and other financial commitments

(a) Guarantees:

Ellmer Homes Limited and other group undertakings have, in the normal course of business, given guarantees to support the bank borrowings of the group up to a limit of £2,500,000 plus interest. The bank holds a mortgage debenture on the company's assets.

(b) Capital commitments:

There were no capital commitments either authorised or contracted for at the balance sheet date (1999: Nil).

Ellmer Homes Limited

Notes to the Financial Statements for the year ended 31st May 2000

12. Post balance sheet events

There were no events since the year end which materially affected the company.

13. Related party transactions

During the year, the company paid finance charges of £87,395 (1999 : £Nil) and management charges of £166,088 (1999 : £Nil) to F. B. Ellmer Limited, a fellow subsidiary company. At the year end Ellmer Homes Limited owed £2,306,810 (1999 : £5,048,475) to F.B. Ellmer Limited.

At the balance sheet date, the company was owed £9,820 (1999 : £1,172) by Byrne Bros. (Formwork) Limited, a fellow subsidiary company and £100 (1999 : £100) by Byrne Group Plc, the parent company.

14. Analysis of changes in net funds

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	9,406	104,096	113,502
Net funds	<u>9,406</u>	<u>104,096</u>	<u>113,502</u>

15. Ultimate parent undertaking

In the opinion of the directors Byrne Group Plc is the company's ultimate parent undertaking and Messrs P. A. Byrne and J. J. Byrne who control 100% of the shares of Byrne Group Plc are the company's ultimate controllers.