

Ellmer Homes Limited
Directors' Report and Financial Statements
for the year ended 31st May 2001



Ellmer Homes Limited

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Ellmer Homes Limited

Company Information

Directors	P. A. Byrne, Esq. 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 2001

The directors present their report and the financial statements for the year ended 31st May 2001.

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 satisfactory.
They do not recommend the payment of a dividend.

Review of business

The company has seen the forecast reduction in turnover during the year as the majority of projects were still under the construction phase at the year end.

Sales from these projects will be realised in the forthcoming year and this will be reflected in an increase in the turnover generated.

Future prospects

The company has seen the predicted stabilisation of house and property prices. However, there still remains a countywide shortage of new housing stock and the reduction in interest rates will ensure that demand remains strong, especially for properties up to £500,000. The company has made strategic acquisitions of land to provide a broad style property and price in suitable locations in the South East. The general market price and demand for houses and properties are 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 2001 and 1st June 2000

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

P. A. Byrne, Esq. 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.

Directors' responsibilities

Ellmer Homes Limited

Directors' Report for the year ended 31st May 2001

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 26th November 2001 and signed on its behalf by:



Patrick Anthony Byrne, Esq.
Chairman

Ellmer Homes Limited

Auditors' report to the shareholders of Ellmer Homes Limited

We have audited the financial statements on pages 4 to 12 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 2001 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

26th November 2001

Ellmer Homes Limited

**Profit and Loss Account
for the year ended 31st May 2001**

	Notes	2001 £	2000 £
Turnover	2	2,488,477	6,980,016
Cost of sales		(2,209,024)	(6,401,176)
Gross profit		<u>279,453</u>	<u>578,840</u>
Administrative expenses		(101,248)	(215,063)
Operating profit	3	<u>178,205</u>	<u>363,777</u>
Interest receivable and similar income	4	15,416	-
Interest payable and similar charges	5	(68,317)	(87,395)
Profit on ordinary activities before taxation		125,304	276,382
Tax on profit on ordinary activities	7	(35,367)	(83,080)
Retained profit for the year		<u>89,937</u>	<u>193,302</u>
Retained profit brought forward		250,037	56,735
Retained profit carried forward		<u><u>339,974</u></u>	<u><u>250,037</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 12 form part of these financial statements.

Ellmer Homes Limited

**Balance Sheet
as at 31st May 2001**

	Notes	2001 £	2000 £
Current assets			
Stocks	8	4,861,567	2,739,335
Debtors	9	21,128	9,920
Cash at bank and in hand		28,287	113,502
		<u>4,910,982</u>	<u>2,862,757</u>
Creditors: amounts falling due within one year	10	(4,385,575)	(2,612,620)
Net current assets		<u>525,407</u>	<u>250,137</u>
Total assets less current liabilities		<u>525,407</u>	<u>250,137</u>
Creditors: amounts falling due after more than one year	11	(185,333)	-
Net assets		<u><u>340,074</u></u>	<u><u>250,137</u></u>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account		339,974	250,037
Equity shareholders' funds	13	<u><u>340,074</u></u>	<u><u>250,137</u></u>

The financial statements were approved by the board on 26th November 2001 and signed on its behalf:


 Patrick Anthony Byrne, Esq.
 Director


 Peter Dwight, Esq.
 Director

The notes on pages 7 to 12 form part of these financial statements.

Ellmer Homes Limited

**Cash Flow Statement
for the year ended 31st May 2001**

	Notes	2001 £	2000 £
Reconciliation of operating profit to net cash outflow from operating activities			
Operating profit		178,205	363,777
(Increase) / decrease in stocks		(2,122,232)	2,388,609
(Increase) / decrease in debtors		(11,208)	35
Increase / (decrease) in creditors		404,881	(2,549,880)
Net cash outflow from operating activities		<u>(1,550,354)</u>	<u>202,541</u>

CASH FLOW STATEMENT

Net cash outflow from operating activities		(1,550,354)	202,541
Returns on investments and servicing of finance	18	(52,901)	(87,395)
Taxation	18	(82,960)	(11,050)
		<u>(1,686,215)</u>	<u>104,096</u>
Financing	18	1,601,000	-
(Decrease) / increase in cash in the year		<u>(85,215)</u>	<u>104,096</u>

Reconciliation of net cash flow to movement in net debt (Note 19)

(Decrease) / increase in cash in the year	(85,215)	104,096
Cash inflow from increase in debt and lease financing	(1,601,000)	-
Change in net debt resulting from cash flows	(1,686,215)	104,096
Net funds at 1st June 2000	113,502	9,406
Net debt at 31st May 2001	<u>(1,572,713)</u>	<u>113,502</u>

Ellmer Homes Limited

Notes to the Financial Statements for the year ended 31st May 2001

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

2001	2000
£	£

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

Auditors' remuneration		
- for audit services	1,500	1,000
- for other services	1,500	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 2001**

4. Interest receivable and similar income	2001	2000
	£	£
Bank deposit interest	13,726	-
Other interest	1,690	-
	<u>15,416</u>	<u>-</u>
5. Interest payable and similar charges	2001	2000
	£	£
Interest payable to group undertaking	68,248	87,395
Interest on bank overdraft	69	-
	<u>68,317</u>	<u>87,395</u>
6. Employees		
Number of employees		
The average monthly numbers of employees (including the directors) during the year were:		
	2001	2000
Directors	<u>5</u>	<u>5</u>
Employment costs	2001	2000
	£	£
Wages and salaries	<u>30,718</u>	<u>-</u>
7. Taxation	2001	2000
	£	£
UK Corporation tax	35,367	82,960
Under provision in previous year	-	120
	<u>35,367</u>	<u>83,080</u>

Ellmer Homes Limited

**Notes to the Financial Statements
for the year ended 31st May 2001**

8. Stocks	2001	2000
	£	£
Development land	3,922,787	1,753,000
Completed developments	476,000	-
Work-in-progress	462,780	986,335
	<u>4,861,567</u>	<u>2,739,335</u>
 9. Debtors (due within one year)	 2001	 2000
	£	£
Amounts owed by group undertakings	-	9,920
Other debtors	21,128	-
	<u>21,128</u>	<u>9,920</u>
 10. Creditors: amounts falling due within one year	 2001	 2000
	£	£
Bank loans (secured)	1,415,667	-
Trade creditors	477,525	101,533
Amounts owed to group undertaking	2,447,282	2,306,810
Corporation tax	35,367	82,960
Other taxes and social security costs	4,134	66,717
Other creditors	2,600	52,600
Accruals and deferred income	3,000	2,000
	<u>4,385,575</u>	<u>2,612,620</u>

Ellmer Homes Limited

**Notes to the Financial Statements
for the year ended 31st May 2001**

11. Creditors: amounts falling due after more than one year	2001 £	2000 £
Bank loans (secured)	<u>185,333</u>	<u>-</u>
Loans		
Repayable in one year or less, or on demand (Note 10)	1,415,667	-
Repayable between one and two years	<u>185,333</u>	<u>-</u>
	<u>1,601,000</u>	<u>-</u>

The bank loans are repayable on demand and are secured by:

- (i) Mortgage debenture over all the assets and undertakings of Ellmer Homes Limited.
- (ii) First legal charges over certain freehold development properties.

12. Share capital	2001 £	2000 £
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>
 13. Reconciliation of movements in shareholders' funds		
	2001 £	2000 £
Profit for the year	89,937	193,302
Opening shareholders' funds	<u>250,137</u>	<u>56,835</u>
Closing shareholders' funds	<u>340,074</u>	<u>250,137</u>

Ellmer Homes Limited

Notes to the Financial Statements for the year ended 31st May 2001

14. 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 (2000: Nil).

15. Related parties

2001	2000
£	£

At the balance sheet date the following amounts were owed from / (owed to) fellow subsidiary companies:

Byrne Group Plc	(1,761)	-
F.B. Ellmer Limited	(2,445,216)	(2,306,810)
Byrne Bros (Formwork) Limited	-	9,820
Thorn Plant Hire Limited	(305)	-
	<u>(2,447,282)</u>	<u>(2,296,990)</u>

16. 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.

The consolidated financial statements of Byrne Group Plc can be obtained from 13-15 White Hart Lane, Barnes, London, SW13 0PX.

17. Post balance sheet events

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

Ellmer Homes Limited

**Notes to the Financial Statements
for the year ended 31st May 2001**

18. Gross Cash Flows

	2001	2000
	£	£
Returns on investments and servicing of finance		
Interest received	15,416	-
Interest paid	(68,317)	(87,395)
	<u>(52,901)</u>	<u>(87,395)</u>
Taxation		
Corporation tax paid	<u>(82,960)</u>	<u>(11,050)</u>
Financing		
New long term bank loan	185,333	-
New short term bank loan	1,415,667	-
	<u>1,601,000</u>	<u>-</u>

19. Analysis of changes in net debt

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	113,502	(85,215)	28,287
Debt due within one year	-	(1,415,667)	(1,415,667)
Debt due after one year	-	(185,333)	(185,333)
	<u>-</u>	<u>(1,601,000)</u>	<u>(1,601,000)</u>
Total	<u>113,502</u>	<u>(1,686,215)</u>	<u>(1,572,713)</u>