

Ellmer Homes Limited
Directors' report and financial statements
for the year ended 31st May 2002



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
Business address	Tudor House 26 Upper Teddington Road Hampton Wick Kingston Upon Thames KT1 4DY
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 53 St Georges Road Wimbledon London SW19 4EA

Ellmer Homes Limited

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Ellmer Homes Limited

Directors' report

for the year ended 31st May 2002

The directors present their report and the financial statements for the year ended 31st May 2002.

Principal activity and review of the business

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

The majority of projects were still under construction phase at the year end or awaiting sale and as a result the turnover and profit are not significantly different to the previous year. Sales from these projects will be realised in the forthcoming year.

Results and dividends

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

The directors do not recommend payment of a final dividend.

Future prospects

The company has again seen the predicted stabilisation of house and property prices. However, there still remains a countrywide shortage of new housing stock and the stability in interest rates will ensure that demand remains strong, especially for new 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:

Ordinary shares at 31/05/02 and at 01/06/01

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 interests in the entire share capital of this company.

Ellmer Homes Limited

Directors' report

for the year ended 31st May 2002

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.

Auditors

The company has by elective resolution under 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 17th December 2002 and signed on its behalf by:



Patrick Anthony Byrne, Esq. Director

Ellmer Homes Limited

Independent Auditors' Report to the Shareholders of Ellmer Homes Limited

We have audited the financial statements of Ellmer Homes Limited for the year ended 31st May 2002 on pages 4 to 12. These financial statements 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 in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable Law and United Kingdom Auditing Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal regulatory requirements and United Kingdom Auditing Standards.

We report to you in 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 we became aware of any apparent misstatements within it, 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.

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 2002 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

17th December 2002

Ellmer Homes Limited

Profit and loss account

for the year ended 31st May 2002

		2002	2001
	Notes	£	£
Turnover	2	2,623,011	2,488,477
Cost of sales		(2,298,574)	(2,277,341)
Gross profit		<u>324,437</u>	<u>211,136</u>
Administrative expenses		(196,814)	(101,248)
Operating profit	3	<u>127,623</u>	<u>109,888</u>
Interest receivable and similar income	4	<u>314</u>	<u>15,416</u>
Profit on ordinary activities before taxation		127,937	125,304
Tax on profit on ordinary activities	6	(33,995)	(35,367)
Retained profit for the year		<u>93,942</u>	<u>89,937</u>
Retained profit brought forward		<u>339,974</u>	<u>250,037</u>
Retained profit carried forward		<u><u>433,916</u></u>	<u><u>339,974</u></u>

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

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

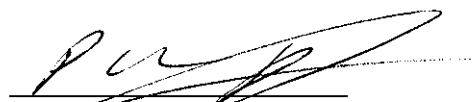
Ellmer Homes Limited

Balance sheet

as at 31st May 2002

	Notes	2002 £	2001 £
Current assets			
Stocks	7	5,531,359	4,861,567
Debtors	8	163,734	21,128
Cash at bank and in hand		1,516	28,287
		<u>5,696,609</u>	<u>4,910,982</u>
Creditors: amounts falling due within one year	9	(5,077,260)	(4,385,575)
Net current assets		<u>619,349</u>	<u>525,407</u>
Total assets less current liabilities		<u>619,349</u>	<u>525,407</u>
Creditors: amounts falling due after more than one year	10	(185,333)	(185,333)
Net assets		<u><u>434,016</u></u>	<u><u>340,074</u></u>
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account		433,916	339,974
Shareholders' funds	12	<u><u>434,016</u></u>	<u><u>340,074</u></u>

The financial statements were approved by the board on 17th December 2002 and signed on its behalf by:


 Patrick Anthony Byrne, Esq.
 Director


 Anthony Martin Dowle, Esq.
 Director

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

Ellmer Homes Limited

Cash flow statement

for the year ended 31st May 2002

	Notes	2002 £	2001 £
Reconciliation of operating profit to net cash outflow from operating activities			
Operating profit		127,623	109,888
Increase in stocks		(669,792)	(2,122,232)
Increase in debtors		(142,606)	(11,208)
(Decrease) / increase in creditors		(466,760)	404,881
Net cash outflow from operating activities		(1,151,535)	(1,618,671)
Cash flow statement			
Net cash outflow from operating activities		(1,151,535)	(1,618,671)
Returns on investments and servicing of finance	17	314	15,416
Taxation	17	(35,353)	(82,960)
		(1,186,574)	(1,686,215)
Financing	17	271,672	1,601,000
Decrease in cash in the year		(914,902)	(85,215)
Reconciliation of net cash flow to movement in net debt (Note 18)			
Decrease in cash in the year		(914,902)	(85,215)
Cash inflow from decrease in debts and lease financing		(271,672)	(1,601,000)
Change in net debt resulting from cash flows		(1,186,574)	(1,686,215)
Net debt at 1st June 2001		(1,572,713)	113,502
Net debt at 31st May 2002		(2,759,287)	(1,572,713)

Ellmer Homes Limited

Notes to the financial statements

for the year ended 31st May 2002

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

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
Development work in progress	-	cost of direct materials, labour, bank and group finance interest charges and attributable overheads

1.4. Deferred taxation

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, 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. In accordance with FRS19, deferred tax is not recognised on revaluation gains. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK and all related to continuing operations.

3. Operating profit

	2002 £	2001 £
Operating profit is stated after charging:		
Auditors' remuneration	3,500	1,500
Auditors' remuneration from non-audit work	1,500	1,500

Ellmer Homes Limited

Notes to the financial statements

for the year ended 31st May 2002

4. Interest receivable and similar income	2002	2001
	£	£
Bank interest	314	13,726
Other interest	-	1,690
	<u>314</u>	<u>15,416</u>

5. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2002	2001
	Number	Number
Directors	5	5
Administrative and technical	6	-
	<u>11</u>	<u>5</u>

Employment costs

	2002	2001
	£	£
Wages and salaries	<u>263,952</u>	<u>30,718</u>

Ellmer Homes Limited

Notes to the financial statements

for the year ended 31st May 2002

6. Tax on profit on ordinary activities

Analysis of charge in period	2002	2001
	£	£
UK corporation tax	34,008	35,367
Prior period adjustments	(13)	-
Tax on profit on ordinary activities	<u>33,995</u>	<u>35,367</u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (27%). The differences are explained below:

	2002	2001
	£	£
Profit on ordinary activities before taxation	<u>127,937</u>	<u>125,304</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 27% (2001 : 28%)	34,008	35,367
Prior period adjustments	(13)	-
	<u>33,995</u>	<u>35,367</u>

7. Stocks

	2002	2001
	£	£
Completed developments	740,000	476,000
Work in progress	2,155,359	462,780
Development land	<u>2,636,000</u>	<u>3,922,787</u>
	<u>5,531,359</u>	<u>4,861,567</u>

8. Debtors

	2002	2001
	£	£
Trade debtors	133,332	-
Other debtors	<u>30,402</u>	<u>21,128</u>
	<u>163,734</u>	<u>21,128</u>

Ellmer Homes Limited

Notes to the financial statements

for the year ended 31st May 2002

9. Creditors: amounts falling due within one year	2002 £	2001 £
Bank overdraft (secured)	888,131	-
Bank loans (secured)	1,687,339	1,415,667
Trade creditors	173,070	477,525
Amounts owed to group undertaking	2,158,877	2,447,282
Corporation tax	34,009	35,367
Other taxes and social security costs	-	4,134
Other creditors	715	2,600
Accruals and deferred income	135,119	3,000
	<u>5,077,260</u>	<u>4,385,575</u>

10. Creditors: amounts falling due after more than one year	2002 £	2001 £
Bank loans (secured)	<u>185,333</u>	<u>185,333</u>
Loans		
Repayable in one year or less, or on demand (Note 9)	1,687,339	1,415,667
Repayable between one and two years	<u>185,333</u>	<u>185,333</u>
	<u>1,872,672</u>	<u>1,601,000</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.

11. Share capital	2002 £	2001 £
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>

Ellmer Homes Limited

Notes to the financial statements

for the year ended 31st May 2002

12. Reconciliation of movements in shareholders' funds	2002 £	2001 £
Profit for the year	93,942	89,937
Opening shareholders' funds	340,074	250,137
Closing shareholders' funds	<u>434,016</u>	<u>340,074</u>

13. Indebtedness, guarantees and other 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 other capital commitments either authorised or contracted for at the balance sheet date (2001 : £Nil).

14. Related parties	2002 £	2001 £
At the balance sheet date the following amounts were owed from / (owed to) fellow subsidiary companies:		
Byrne Group Plc	100	(1,761)
F.B. Ellmer Limited	(2,158,977)	(2,445,216)
Thorn Plant Hire Limited	-	(305)
	<u>(2,158,877)</u>	<u>(2,447,282)</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.

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

Ellmer Homes Limited

Notes to the financial statements

for the year ended 31st May 2002

16. Post balance sheet events

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

17. Gross cash flows

	2002	2001
	£	£
Returns on investments and servicing of finance		
Interest received	314	15,416
	<u> </u>	<u> </u>
Taxation		
Corporation tax paid	(35,353)	(82,960)
	<u> </u>	<u> </u>
Financing		
New long term bank loan	-	185,333
New short term bank loan	827,672	1,415,667
Repayment of long term bank loan	(556,000)	-
	<u> </u>	<u> </u>
	<u>271,672</u>	<u>1,601,000</u>

18. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	28,287	(26,771)	1,516
Overdrafts	-	(888,131)	(888,131)
	<u>28,287</u>	<u>(914,902)</u>	<u>(886,615)</u>
Debt due within one year	(1,415,667)	(271,672)	(1,687,339)
Debt due after one year	(185,333)	-	(185,333)
	<u>(1,601,000)</u>	<u>(271,672)</u>	<u>(1,872,672)</u>
Net funds	<u>(1,572,713)</u>	<u>(1,186,574)</u>	<u>(2,759,287)</u>