

Ellmer Homes Limited
Directors' report and financial statements
for the year ended 31st May 2003



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 2003

The directors present their report and the financial statements for the year ended 31st May 2003.

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 do not recommend payment of a dividend.

Future prospects

The company has seen property prices stabilise during the year although nationally there still remains a shortage of new homes being built. The company has responded to the market and has made acquisitions of land for the development of flats and houses to be offered for sale at less than £500,000. Again we expect there to be no dramatic change in demand or price throughout the forthcoming year.

Directors and their interests

The directors who served during the year were P. A. Byrne, Esq., J.J. Byrne, Esq., P.Dwight, Esq. A.M. Dowle, Esq. and G.M.Hull, Esq.. None of them had any beneficial interest in the share capital of the

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.

Charitable and political contributions

During the year the company contributed £778 to charities. There were no political contributions.

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.

Ellmer Homes Limited

Directors' report

for the year ended 31st May 2003

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 15th December 2003 and signed on its behalf by:



Director

Patrick Anthony Byrne, Esq.

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 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable Law and United Kingdom Accounting 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 2003 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

15th December 2003

Ellmer Homes Limited

Profit and loss account

for the year ended 31st May 2003

		Continuing operations	
	Notes	2003	2002
		£	£
Turnover	2	5,741,736	2,623,011
Cost of sales		(5,391,352)	(2,298,574)
Gross profit		350,384	324,437
Administrative expenses		(244,821)	(196,814)
Operating profit	3	105,563	127,623
Interest receivable and similar income	4	-	314
Profit on ordinary activities before taxation		105,563	127,937
Tax on profit on ordinary activities	6	(28,319)	(33,995)
Retained profit for the year		77,244	93,942
Retained profit brought forward		433,916	339,974
Retained profit carried forward		511,160	433,916

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 13 form an integral part of these financial statements.

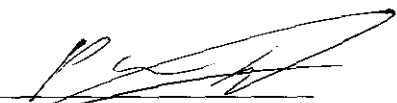
Ellmer Homes Limited

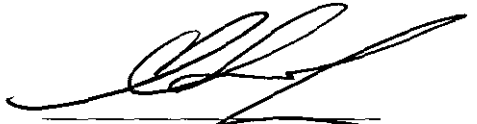
Balance sheet

as at 31st May 2003

	Notes	2003 £	2002 £
Current assets			
Stocks	7	5,321,739	5,531,359
Debtors	8	295,808	163,734
Cash at bank and in hand		21,747	1,516
		<u>5,639,294</u>	<u>5,696,609</u>
Creditors: amounts falling due within one year	9	(5,128,034)	(5,077,260)
Net current assets		<u>511,260</u>	<u>619,349</u>
Creditors: amounts falling due after more than one year	10	-	(185,333)
Net assets		<u><u>511,260</u></u>	<u><u>434,016</u></u>
 Capital and reserves			
Called up share capital	11	100	100
Profit and loss account		<u>511,160</u>	<u>433,916</u>
Shareholders' funds	12	<u><u>511,260</u></u>	<u><u>434,016</u></u>

The financial statements were approved by the board on 15th December 2003 and signed on its behalf by:


 Patrick Anthony Byrne, Esq.
 Director


 Anthony Martin Dowle, Esq.
 Director

The notes on pages 7 to 13 form an integral part of these financial statements.

Ellmer Homes Limited

Cash flow statement

for the year ended 31st May 2003

	Notes	2003	2002
		£	£
Reconciliation of operating profit to net cash inflow / (outflow) from operating activities			
Operating profit		105,563	127,623
Decrease / (increase) in stocks		209,620	(669,792)
Increase in debtors		(132,074)	(142,606)
Increase / (decrease) in creditors		1,298,734	(466,760)
Net cash inflow / (outflow) from operating activities		<u>1,481,843</u>	<u>(1,151,535)</u>
Cash flow statement			
Net cash inflow / (outflow) from operating activities		1,481,843	(1,151,535)
Returns on investments and servicing of finance	17	-	314
Taxation	17	(34,009)	(35,353)
		<u>1,447,834</u>	<u>(1,186,574)</u>
Financing	17	(539,472)	271,672
Increase / (decrease) in cash in the year		<u>908,362</u>	<u>(914,902)</u>
Reconciliation of net cash flow to movement in net debt (Note 18)			
Increase / (decrease) in cash in the year		908,362	(914,902)
Cash outflow from decrease in debts		539,472	(271,672)
Change in net funds resulting from cash flows		1,447,834	(1,186,574)
Net debt at 1st June 2002		<u>(2,759,287)</u>	<u>(1,572,713)</u>
Net funds at 31st May 2003		<u>(1,311,453)</u>	<u>(2,759,287)</u>

Ellmer Homes Limited

Notes to the financial statements

for the year ended 31st May 2003

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

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

2003

2002

£

£

Operating profit is stated after charging:

Auditors' remuneration

3,500

3,500

Auditors' remuneration from non-audit work

1,300

1,500

4. Interest receivable and similar income

2003

2002

£

£

Bank interest

-

314

Ellmer Homes Limited

Notes to the financial statements

for the year ended 31st May 2003

5. Employees

Number of employees

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

	2003	2002
	Number	Number
Directors	5	5
Administrative and technical	6	6
	<u>11</u>	<u>11</u>

Employment costs

	2003	2002
	£	£
Wages and salaries	374,585	239,956
Social security costs	37,150	23,996
	<u>411,735</u>	<u>263,952</u>

Ellmer Homes Limited

Notes to the financial statements

for the year ended 31st May 2003

6. Tax on profit on ordinary activities

Analysis of charge in the year	2003 £	2002 £
UK corporation tax	9,500	34,008
Payment to a fellow subsidiary for group relief at 32.75%	18,819	
Current tax charge for the year	28,319	34,008
Prior period adjustments	-	(13)
Tax on profit on ordinary activities	28,319	33,995

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before taxation	105,563	127,937
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002 : 30%)	31,669	38,381
Prior period adjustments	-	(13)
	31,669	38,368
Expenses not deductible for tax purposes	570	-
Marginal relief	(3,920)	(4,373)
Current tax charge for the year	28,319	33,995

7. Stocks

	2003 £	2002 £
Completed developments	1,440,000	740,000
Work in progress	3,363,739	2,155,359
Development land	518,000	2,636,000
	5,321,739	5,531,359

Ellmer Homes Limited

Notes to the financial statements

for the year ended 31st May 2003

8. Debtors	2003	2002
	£	£
Trade debtors	14,230	133,332
Other debtors	281,578	30,402
	<u>295,808</u>	<u>163,734</u>
 9. Creditors: amounts falling due within one year	 2003	 2002
	£	£
Bank overdraft (secured)	-	888,131
Bank loans (secured)	1,333,200	1,687,339
Trade creditors	196,689	173,070
Amounts owed to group undertaking	3,154,980	2,158,877
Corporation tax	28,319	34,009
Other taxes and social security costs	13,446	(193)
Other creditors	277	908
Accruals and deferred income	401,123	135,119
	<u>5,128,034</u>	<u>5,077,260</u>
 10. Creditors: amounts falling due after more than one year	 2003	 2002
	£	£
Bank loans (secured)	-	185,333
 Loans		
Repayable in one year or less, or on demand (Note 9)	1,333,200	1,687,339
Repayable between one and two years	-	185,333
	<u>1,333,200</u>	<u>1,872,672</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.

Ellmer Homes Limited

Notes to the financial statements

for the year ended 31st May 2003

11. Share capital	2003	2002
	£	£
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>
12. Reconciliation of movements in shareholders' funds	2003	2002
	£	£
Profit for the year	77,244	93,942
Opening shareholders' funds	<u>434,016</u>	<u>340,074</u>
Closing shareholders' funds	<u>511,260</u>	<u>434,016</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 (2002 : £Nil).

Ellmer Homes Limited

Notes to the financial statements

for the year ended 31st May 2003

14. Related parties

2003	2002
£	£

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

Byrne Group Plc	(2,759)	100
F.B. Ellmer Limited	(3,152,006)	(2,158,977)
Thorn Plant Hire Limited	(215)	-
	<u>(3,154,980)</u>	<u>(2,158,877)</u>

The company paid the following to F.B.Ellmer Limited:

2003	2002
£	£

Management charges	48,000	78,000
Interest paid	184,196	155,324
	<u>232,196</u>	<u>233,324</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.

16. 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 2003

17. Gross cash flows

	2003	2002
	£	£
Returns on investments and servicing of finance		
Interest received	-	314
	<u> </u>	<u> </u>
Taxation		
Corporation tax paid	(34,009)	(35,353)
	<u> </u>	<u> </u>
Financing		
New short term bank loan	1,333,200	827,672
Repayment of long term bank loan	(185,333)	(556,000)
Repayment of short term bank loan	(1,687,339)	-
	<u> </u>	<u> </u>
	<u>(539,472)</u>	<u>271,672</u>

18. Analysis of changes in net debt

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	1,516	20,231	21,747
Overdrafts	(888,131)	888,131	-
	<u> </u>	<u> </u>	<u> </u>
	(886,615)	908,362	21,747
	<u> </u>	<u> </u>	<u> </u>
Debt due within one year	(1,872,672)	539,472	(1,333,200)
	<u> </u>	<u> </u>	<u> </u>
Net debt	<u>(2,759,287)</u>	<u>1,447,834</u>	<u>(1,311,453)</u>