

Ellmer Homes Limited
Directors' report and financial statements
for the year ended 31st May 2004



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	Tudor House 26 Upper Teddington Road Hampton Wick Kingston Upon Thames
Auditors	Riordan O'Sullivan & Co. Chartered Certified Accountants Registered Auditors 40 Chamberlayne Road London NW10 3JE
Business address	Tudor House 26 Upper Teddington Road Hampton Wick Kingston Upon Thames KT1 4DY
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 2004

The directors present their report and the financial statements for the year ended 31st May 2004.

Principal activity and review of the business

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

The company's results reflect the slower than predicted sales from a very competitive market and strong competition.

The company has made further sales of developments completed after the year end and expects to see these reflected in improved results for the following year.

Results and dividends

The results for the year are set out on page 4. The directors do not recommend payment of a dividend.

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 company.

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.

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.

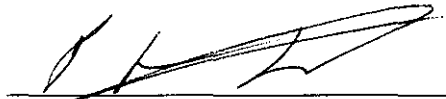
Ellmer Homes Limited

**Directors' report
for the year ended 31st May 2004**

Auditors

The company has reappointed the auditors 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 7th December 2004 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'P. A. Byrne', written over a horizontal line.

P. A. 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 2004 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 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 and regulatory requirements and United Kingdom Auditing Standards.

We report to you 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 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.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 of the state of the company's affairs as at 31st May 2004 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.
Chartered Certified Accountants and
Registered Auditors

40 Chamberlayne Road
London
NW10 3JE

7th December 2004

Ellmer Homes Limited

**Profit and loss account
for the year ended 31st May 2004**

		Continuing operations	
		2004	2003
	Notes	£	£
Turnover	2	5,214,631	5,741,736
Cost of sales		(5,024,938)	(5,391,352)
Gross profit		<u>189,693</u>	<u>350,384</u>
Administrative expenses		(203,768)	(244,821)
Operating (loss)/profit	3	<u>(14,075)</u>	<u>105,563</u>
Other interest receivable and similar income	4	<u>3,465</u>	<u>-</u>
(Loss)/profit on ordinary activities before taxation		(10,610)	105,563
Tax on (loss)/profit on ordinary activities	6	<u>1,673</u>	<u>(28,319)</u>
(Loss)/profit on ordinary activities after taxation		(8,937)	77,244
Retained profit brought forward		<u>511,160</u>	<u>433,916</u>
Retained profit carried forward		<u><u>502,223</u></u>	<u><u>511,160</u></u>

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

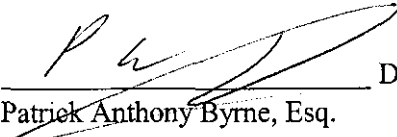
Ellmer Homes Limited

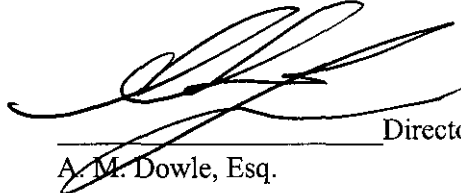
Balance sheet

as at 31st May 2004

	Notes	2004 £	2003 £
Current assets			
Stocks	7	6,599,781	5,321,739
Debtors	8	2,063,864	295,808
Cash at bank and in hand		42,797	21,747
		<u>8,706,442</u>	<u>5,639,294</u>
Creditors: amounts falling due within one year	9	(8,204,119)	(5,128,034)
Net assets		<u>502,323</u>	<u>511,260</u>
 Capital and reserves			
Called up share capital	10	100	100
Profit and loss account		<u>502,223</u>	<u>511,160</u>
Equity shareholders' funds	11	<u>502,323</u>	<u>511,260</u>

The financial statements were approved by the Board on 7th December 2004 and signed on its behalf by:

 Director
Patrick Anthony Byrne, Esq.

 Director
A. M. Dowle, Esq.

The notes on pages 7 to 11 form an integral part of these financial statements.

Ellmer Homes Limited

**Cash flow statement
for the year ended 31st May 2004**

	Notes	2004 £	2003 £
Reconciliation of operating profit to net cash (outflow) / inflow from operating activities			
Operating profit		(14,075)	105,563
(Increase) / decrease in stocks		(1,278,042)	209,620
(Increase) in debtors		(1,768,056)	(132,074)
Increase in creditors		155,934	1,298,734
Net cash (outflow) / inflow from operating activities		<u>(2,904,239)</u>	<u>1,481,843</u>
Cash flow statement			
Net cash (outflow) / inflow from operating activities		(2,904,239)	1,481,843
Returns on investments and servicing of finance	16	3,465	-
Taxation	16	(28,318)	(34,009)
		<u>(2,929,092)</u>	<u>1,447,834</u>
Financing	16	2,948,470	(539,472)
Increase in cash in the year		<u>19,378</u>	<u>908,362</u>
Reconciliation of net cash flow to movement in net debt (Note 17)			
Increase in cash in the year		19,378	908,362
Cash inflow from decrease in debts and lease financing		(2,948,470)	539,472
Change in net debt resulting from cash flows		(2,929,092)	1,447,834
Net debt at 1st June 2003		<u>(1,311,453)</u>	<u>(2,759,287)</u>
Net debt at 31st May 2004		<u>(4,240,545)</u>	<u>(1,311,453)</u>

Ellmer Homes Limited

Notes to the financial statements for the year ended 31st May 2004

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under 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
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 (loss)/profit

	2004	2003
	£	£
Auditors' remuneration	4,328	3,500
Auditors' remuneration from non-audit work	1,500	1,300
	<u>5,828</u>	<u>4,800</u>

4. Interest receivable and similar income

	2004	2003
	£	£
Bank interest	3,465	-
	<u>3,465</u>	<u>-</u>

Ellmer Homes Limited

Notes to the financial statements for the year ended 31st May 2004

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5. Employees

Number of employees	2004	2003
The average monthly number of employees (including the directors) during the year were:		
Directors	5	5
Administrative and technical	8	6
	<u>13</u>	<u>11</u>
Employment costs	2004	2003
	£	£
Wages and salaries	348,212	374,585
Social security costs	33,327	37,150
	<u>381,539</u>	<u>411,735</u>

6. Tax on (loss)/profit on ordinary activities

Analysis of charge in the year	2004	2003
	£	£
UK corporation tax	-	9,500
(Receipts from) / payment to a fellow group undertaking for group relief	(1,673)	18,819
Tax on profit on ordinary activities for the year	<u>(1,673)</u>	<u>28,319</u>

Factors affecting tax charge for the year

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

	2004	2003
	£	£
(Loss)/profit on ordinary activities before taxation	<u>(10,610)</u>	<u>105,563</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax 30% in the UK of (2003 : 30%)	(3,183)	31,669
Expenses not deductible for tax purposes	1,510	570
Marginal relief	-	(3,920)
Current tax charge for the year	<u>(1,673)</u>	<u>28,319</u>

Ellmer Homes Limited

Notes to the financial statements for the year ended 31st May 2004

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7. Stocks	2004 £	2003 £
Completed developments	2,545,009	1,440,000
Work in progress	3,902,826	3,363,739
Development land	151,946	518,000
	<u>6,599,781</u>	<u>5,321,739</u>

8. Debtors	2004 £	2003 £
Trade debtors	1,469,883	14,230
Other debtors	593,981	281,578
	<u>2,063,864</u>	<u>295,808</u>

Other debtors include repayments from Customs and Excise of £493,358 (2003: £267,678).

9. Creditors: amounts falling due within one year	2004 £	2003 £
Bank loans (secured)	4,281,670	1,333,200
Trade creditors	316,184	196,689
Amounts owed to group undertakings	3,565,073	3,154,980
Corporation tax	-	28,319
Other taxes and social security costs	8,168	13,446
Other creditors	-	277
Accruals and deferred income	33,024	401,123
	<u>8,204,119</u>	<u>5,128,034</u>

The bank loans are repayable on demand and 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 2004

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10. Share capital	2004	2003
	£	£
Authorised		
500,000 Ordinary shares of 1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of 1 each	<u>100</u>	<u>100</u>
11. Reconciliation of movements in shareholders' funds	2004	2003
	£	£
(Loss)/profit for the year	(8,937)	77,244
Opening shareholders' funds	<u>511,260</u>	<u>434,016</u>
Closing shareholders' funds	<u>502,323</u>	<u>511,260</u>
12. Capital commitments		
There were no capital commitments either authorised or contracted for at the balance sheet date (31st May 2003 : £Nil).		
13. Related parties	2004	2003
	£	£
At the balance sheet date the following amounts were owed from / (owed to) fellow group undertakings:		
Byrne Group Plc	(1,250)	(2,759)
F.B. Ellmer Limited	(3,563,823)	(3,152,006)
Thorn Plant Hire Limited	-	(215)
	<u>(3,565,073)</u>	<u>(3,154,980)</u>

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose those transactions with group companies that are included in the consolidated financial statements prepared by the ultimate parent undertaking.

Ellmer Homes Limited

Notes to the financial statements for the year ended 31st May 2004

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14. 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.

15. Post balance sheet events

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

16. Gross cash flows

	2004 £	2003 £
Returns on investments and servicing of finance		
Interest received	3,465	-
Taxation		
Corporation tax paid	(28,318)	(34,009)
Financing		
New short term bank loan	3,736,810	1,333,200
Repayment of long term bank loan	-	(185,333)
Repayment of short term bank loan	(788,340)	(1,687,339)
	<u>2,948,470</u>	<u>(539,472)</u>

17. Analysis of changes in net funds

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	21,747	21,050	42,797
Debt due within one year	(1,333,200)	(2,948,470)	(4,281,670)
Net funds	<u>(1,311,453)</u>	<u>(2,927,420)</u>	<u>(4,238,873)</u>