

Ellmer Homes Limited
Directors' report and financial statements
for the year ended 31st May 2005



Ellmer Homes Limited

Company information

Directors	P. A. Byrne, Esq. J. J. Byrne, Esq. P. Dwight, Esq. (deceased on 05/02/2005) A. M. Dowle, Esq. G. M. Hull, Esq.
Secretary	P. A. Byrne, Esq.
Company number	3423607 (England and Wales)
Registered office and 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 2005

The directors present their report and the financial statements for the year ended 31st May 2005.

Principal activity and review of the business

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

The reduction in turnover reflects a change in the year from completed sales to work in progress. The company has had slower than expected sales from completed developments.

The company has purchased a substantial area of land for development which is reflected in these financial statements and which has received revised planning consent since the year end. The work will be commenced in late 2005 for one year.

Results and dividends

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

Equal opportunities policy

It is the policy of the company to employ persons of any ethnic origin, of either sex, and to apply its policy of non-discrimination. The company will continue to employ persons only by considering their ability to carry out the work necessary. This policy applies at all levels of employment.

Health and safety at work

The company has a continuing robust policy for securing the health, safety and welfare at work of its employees and for protecting other persons against risks to health or safety arising out of or in connection with the activities at work of those employees. Health and safety training courses are carried out on a regular basis by professional safety advisors employed by the company and by independent specialist consultants.

In conjunction with an associate group company, the company reinforced this commitment with the introduction of a health and safety training centre in London.

Close company status

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

Directors and their interests

The directors who served during the year were P. A. Byrne, Esq., J. J. Byrne, Esq., P. Dwight, Esq. (deceased on 05/02/2005), A. M. Dowle, Esq. and 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 2005

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:

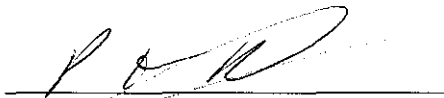
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the 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 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 14th December 2005 and signed on its behalf by:



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 2005 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 we become 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.

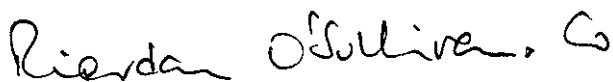
Basis of audit opinion

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 2005 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
Registered Auditors
40 Chamberlayne Road
London
NW10 3JE

14th December 2005

Ellmer Homes Limited

Profit and loss account for the year ended 31st May 2005

		Continuing operations	
		2005	2004
	Notes	£	£
Turnover	2	2,933,630	5,214,631
Cost of sales		(2,738,600)	(5,024,938)
Gross profit		195,030	189,693
Administrative expenses		(182,635)	(203,768)
Operating profit/(loss)	3	12,395	(14,075)
Interest receivable	4	2,529	3,465
Profit/(loss) on ordinary activities before taxation		14,924	(10,610)
Taxation	6	(3,033)	1,673
Profit/(loss) on ordinary activities after taxation		11,891	(8,937)
Retained profit brought forward		502,223	511,160
Retained profit carried forward		514,114	502,223

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.

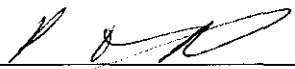
Ellmer Homes Limited

Balance sheet

as at 31st May 2005

	Notes	2005 £	2004 £
Current assets			
Stocks	7	7,122,286	6,599,781
Debtors	8	56,726	2,063,864
Cash at bank and in hand		95,478	42,797
		<u>7,274,490</u>	<u>8,706,442</u>
Creditors: amounts falling due within one year	9	(4,760,276)	(8,204,119)
Net current assets		<u>2,514,214</u>	<u>502,323</u>
Creditors: amount falling due after more than one year	10	(2,000,000)	-
Net Assets		<u>514,214</u>	<u>502,323</u>
 Capital and reserves			
Called up share capital	11	100	100
Profit and loss account		514,114	502,223
Equity shareholders' funds	12	<u>514,214</u>	<u>502,323</u>

The financial statements were approved by the Board on 14th December 2005 and signed on its behalf by:


P. A. Byrne, Esq. Director


A. M. 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 2005

	Notes	2005 £	2004 £
Reconciliation of operating profit/(loss) to net cash outflow from operating activities			
Operating profit/(loss)		12,395	(14,075)
Increase in stocks		(522,505)	(1,278,042)
Decrease/(increase) in debtors		2,007,138	(1,768,056)
(Decrease)/increase in creditors		(1,849,405)	155,934
Net cash outflow from operating activities		<u>(352,377)</u>	<u>(2,904,239)</u>
Cash flow statement			
Net cash outflow from operating activities		(352,377)	(2,904,239)
Returns on investments and servicing of finance	17	2,529	3,465
Taxation	17	-	(26,646)
		<u>(349,848)</u>	<u>(2,927,420)</u>
Financing	17	373,305	2,948,470
Increase in cash in the year		<u>23,457</u>	<u>21,050</u>
Reconciliation of net cash flow to movement in net debt (Note 18)			
Increase in cash in the year		23,457	21,050
Cash inflow from decrease in debts and lease financing		(373,305)	(2,948,470)
Change in net debt resulting from cash flows		(349,848)	(2,927,420)
Net debt at 1st June 2004		<u>(4,238,873)</u>	<u>(1,311,453)</u>
Net debt at 31st May 2005		<u>(4,588,721)</u>	<u>(4,238,873)</u>

Ellmer Homes Limited

Notes to the financial statements for the year ended 31st May 2005

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/(loss)

	2005	2004
	£	£
Operating profit/(loss) is stated after charging:		
Auditors' remuneration	5,000	5,828

4. Interest receivable and similar income

	2005	2004
	£	£
Bank interest	2,529	3,465

Ellmer Homes Limited

Notes to the financial statements for the year ended 31st May 2005

5. Employees

Number of employees	2005 Number	2004 Number
The average monthly numbers of employees (including the directors) during the year were:		
Directors	5	5
Administrative and technical	3	8
	<u>8</u>	<u>13</u>
Employment costs	2005 £	2004 £
Wages and salaries	128,767	348,212
Social security costs	13,907	33,327
	<u>142,674</u>	<u>381,539</u>

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

Analysis of charge in the year	2005 £	2004 £
Current tax		
UK corporation tax charge/(refund)	<u>3,033</u>	<u>(1,673)</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 (19 per cent).
The differences are explained below:

	2005 £	2004 £
Profit/(loss) on ordinary activities before taxation	<u>14,924</u>	<u>(10,610)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2004 : 19%)	2,836	(2,016)
Effects of:		
Expenses not deductible for tax purposes	<u>197</u>	<u>1,510</u>
Current tax charge/(refund) for the year	<u>3,033</u>	<u>(506)</u>

Ellmer Homes Limited

Notes to the financial statements for the year ended 31st May 2005

7. Stocks	2005 £	2004 £
Completed developments	1,311,014	2,545,009
Development work in progress	1,813,682	1,101,311
Development land	3,997,590	2,953,461
	<u>7,122,286</u>	<u>6,599,781</u>

8. Debtors	2005 £	2004 £
Trade debtors	4,579	1,469,883
Other debtors	51,572	593,981
Prepayments	575	-
	<u>56,726</u>	<u>2,063,864</u>

Other debtors include repayments from Customs and Excise of £4,417 (2004 : £493,358).

9. Creditors: amounts falling due within one year	2005 £	2004 £
Bank overdraft	29,224	-
Bank loans (secured)	2,654,975	4,281,670
Trade creditors	98,114	316,184
Amounts owed to group undertaking	1,864,228	3,565,073
Corporation tax	3,033	-
Other taxes and social security costs	10,709	8,168
Other creditors	1,746	-
Accruals	98,247	33,024
	<u>4,760,276</u>	<u>8,204,119</u>

The bank loans are repayable on demand and secured by:

(i) Mortgage debenture over all the assets of Ellmer Homes Limited.

(ii) First legal charges over certain freehold development properties owned by Ellmer Homes Limited.

Ellmer Homes Limited

**Notes to the financial statements
for the year ended 31st May 2005**

10. Creditors: amounts falling due after more than one year	2005 £	2004 £
Amount owed to group undertaking	<u>2,000,000</u>	<u>-</u>
11. Share capital	2005 £	2004 £
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	2005 £	2004 £
Profit for the year	11,891	(8,937)
Opening shareholders' funds	<u>502,323</u>	<u>511,260</u>
Closing shareholders' funds	<u>514,214</u>	<u>502,323</u>
13. Capital commitments		
There were no capital commitments either authorised or contracted for at the balance sheet date (2004 : £Nil)		
14. Related parties	2005 £	2004 £
At the balance sheet date the following amounts were owed to fellow group undertakings:		
Byrne Group Plc	-	(1,250)
F.B. Ellmer Limited	<u>(3,864,228)</u>	<u>(3,563,823)</u>
	<u>(3,864,228)</u>	<u>(3,565,073)</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 2005

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 Companies House, Crown Way, Cardiff, CF14 3UZ.

16. Post balance sheet events

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

17. Gross cash flows

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest received	2,529	3,465
Taxation		
Corporation tax paid	-	(26,646)
Financing		
Amount due to related undertaking	2,000,000	-
New short term bank loan	-	3,736,810
Repayment of short term bank loan	(1,626,695)	(788,340)
	373,305	2,948,470

Ellmer Homes Limited

**Notes to the financial statements
for the year ended 31st May 2005**

18. Analysis of changes in net debt

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	42,797	52,681	95,478
Overdrafts	-	(29,224)	(29,224)
	<u>42,797</u>	<u>23,457</u>	<u>66,254</u>
Debt due within one year	(4,281,670)	1,626,695	(2,654,975)
Debt due after one year	-	(2,000,000)	(2,000,000)
	<u>(4,281,670)</u>	<u>(373,305)</u>	<u>(4,654,975)</u>
Net debt	<u><u>(4,238,873)</u></u>	<u><u>(349,848)</u></u>	<u><u>(4,588,721)</u></u>