

Registration number 3423607 (England and Wales)

Ellmer Homes Limited

Directors' report and financial statements

for the year ended 31st May 2006



Ellmer Homes Limited

Company information

Directors	P. A. Byrne, Esq. J. J. Byrne, Esq. 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 2006

The directors present their report and the financial statements for the year ended 31st May 2006.

Principal activity and review of the business

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

The company has sold most of its developed properties after the year end. It has also completed the bulk of its work in progress outstanding at the year end and all of these sales will be realised in the short term.

Trading results

The company incurred a loss after tax for the year of £310,784 (2005: profit £11,891) after stocks write downs of £398,374.

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 of the company, who served during the year, are set out on the company information page. All of the directors served throughout the year.

The interests of P.A. Byrne, Esq. and J.J. Byrne, Esq. in the share capital of the ultimate parent company, Byrne Group Plc, can be found in that company's financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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;
- 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 2006**

..... continued

Disclosure of information to auditors

At the date of making this report each of the company's directors, as set out on the company information page, confirm the following:

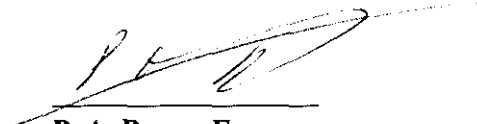
- so far as the director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make themselves aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

The company has reappointed the auditors, Riordan O'Sullivan & Co 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 has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 15th February 2007 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 2006 on pages 5 to 13 . These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 is not disclosed.

We report to you whether in our opinion the information given in the Director's Report is consistent with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Ellmer Homes Limited

**Independent auditors' report to the shareholders of
Ellmer Homes Limited**

(continued.....)

Opinion

In our opinion:

- a) the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st May 2006 and of its loss for the year then ended;
- b) the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- c) the information given in the Directors' Report is consistent with the financial statements.

Riordan O'Sullivan & Co.

Riordan O'Sullivan & Co.
Chartered Certified Accountants
Registered Auditors
40 Chamberlayne Road
London
NW10 3JE

15th February 2007

Ellmer Homes Limited

**Profit and loss account
for the year ended 31st May 2006**

		Continuing operations	
		2006	2005
	Notes	£	£
Turnover	2	1,969,000	2,933,630
Cost of sales		(2,306,059)	(2,738,600)
Gross (loss)/profit		<u>(337,059)</u>	<u>195,030</u>
Administrative expenses		(107,143)	(182,635)
Operating (loss)/profit	3	<u>(444,202)</u>	<u>12,395</u>
Other interest receivable and similar income	4	<u>555</u>	<u>2,529</u>
(Loss)/profit on ordinary activities before taxation		<u>(443,647)</u>	<u>14,924</u>
Tax on (loss)/profit on ordinary activities	6	<u>132,863</u>	<u>(3,033)</u>
(Loss)/profit on ordinary activities after taxation		<u><u>(310,784)</u></u>	<u><u>11,891</u></u>

There are no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 8 to 13 form an integral part of these financial statements.

Ellmer Homes Limited

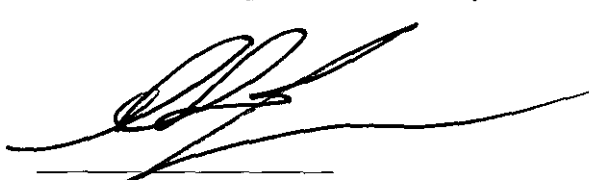
**Balance sheet
as at 31st May 2006**

		2006		2005	
	Notes	£	£	£	£
Current assets					
Stocks	7	6,861,350		7,122,286	
Debtors	8	398,504		56,726	
Cash at bank and in hand		350,685		95,478	
		<u>7,610,539</u>		<u>7,274,490</u>	
Creditors: amounts falling due within one year	9	<u>(5,407,109)</u>		<u>(4,760,276)</u>	
Net current assets			<u>2,203,430</u>		<u>2,514,214</u>
Total assets less current liabilities			2,203,430		2,514,214
Creditors: amounts falling due after more than one year	10		<u>(2,000,000)</u>		<u>(2,000,000)</u>
Net assets			<u><u>203,430</u></u>		<u><u>514,214</u></u>
Capital and reserves					
Called up share capital	11		100		100
Profit and loss account			<u>203,330</u>		<u>514,114</u>
Equity shareholders' funds	12		<u><u>203,430</u></u>		<u><u>514,214</u></u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies .

The financial statements were approved by the Board on 15th February 2007 and signed on its behalf by


P. A. Byrne, Esq.
Director


A. M. Dowle, Esq.
Director

The notes on pages 8 to 13 form an integral part of these financial statements.

Ellmer Homes Limited

**Cash flow statement
for the year ended 31st May 2006**

	Notes	2006 £	2005 £
Reconciliation of operating (loss)/profit to net cash inflow/(outflow) from operating activities			
Operating (loss)/profit		(444,202)	12,395
Decrease/(increase) in stocks		260,936	(522,505)
(Increase)/decrease in debtors		(208,915)	2,007,138
Increase/(decrease) in creditors		816,397	(1,849,405)
Net cash inflow/(outflow) from operating activities		<u>424,216</u>	<u>(352,377)</u>
Cash flow statement			
Net cash inflow/(outflow) from operating activities		424,216	(352,377)
Returns on investments and servicing of finance	17	555	2,529
Taxation	17	(3,033)	-
		<u>421,738</u>	<u>(349,848)</u>
Financing	17	(137,307)	373,305
Increase in cash in the year		<u>284,431</u>	<u>23,457</u>
Reconciliation of net cash flow to movement in net funds (note 18)			
Increase in cash in the year		284,431	23,457
Cash outflow/(inflow) from increase in debts and lease financing		137,307	(373,305)
Change in net funds resulting from cash flows		421,738	(349,848)
Net debt at 1st June 2005		<u>(4,588,721)</u>	<u>(4,238,873)</u>
Net debt at 31st May 2006		<u>(4,166,983)</u>	<u>(4,588,721)</u>

Ellmer Homes Limited

**Notes to the financial statements
for the year ended 31st May 2006**

1. Accounting policies

1.1. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention .

1.2. Turnover

Turnover represents the proceeds from the sale of completed developments, exclusive of value added tax.

1.3. Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes purchase price of development land, development costs and capitalised interest. Net realisable value is based on estimated selling price less further costs to completion and selling costs.

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

2006

2005

£

£

Operating (loss)/profit is stated after charging:

Auditors' remuneration

6,000

5,000

4. Interest receivable and similar income

2006

2005

£

£

Bank interest

555

2,529

Ellmer Homes Limited

**Notes to the financial statements
for the year ended 31st May 2006**

..... continued

5. Employees

Number of employees

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

	2006	2005
	Number	Number
Directors	4	5
Administrative and technical	3	3
	<u>7</u>	<u>8</u>

Employment costs

Employee costs, including directors, during the year comprise:

	2006	2005
	£	£
Wages and salaries	225,745	128,767
Social security costs	23,912	13,907
	<u>249,657</u>	<u>142,674</u>

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

Analysis of charge in period

	2006	2005
	£	£
Current tax		
UK corporation tax (refund)/charge	(132,863)	3,033
Tax on (loss)/profit on ordinary activities	<u>(132,863)</u>	<u>3,033</u>

Current tax reconciliation

	2006	2005
	£	£
(Loss)/profit on ordinary activities before taxation	<u>(443,647)</u>	<u>14,924</u>

Theoretical tax @ 30% (2005 : 30%)	-	2,836
Expenses not deductible for tax purposes	-	197
Utilisation of tax losses	<u>(132,863)</u>	<u>-</u>
Current tax (refund)/charge for period	<u>(132,863)</u>	<u>3,033</u>

Ellmer Homes Limited

**Notes to the financial statements
for the year ended 31st May 2006**

..... continued

7. Stocks	2006	2005
	£	£
Completed developments	917,000	1,311,014
Development work in progress	5,214,350	1,813,682
Development land	730,000	3,997,590
	<u>6,861,350</u>	<u>7,122,286</u>

8. Debtors	2006	2005
	£	£
Trade debtors	200,000	4,579
Other debtors	195,732	51,572
Prepayments and accrued income	2,772	575
	<u>398,504</u>	<u>56,726</u>

Other debtors include repayment from Customs and Excise of £37,173 (31st May 2005 : £4,417).

9. Creditors: amounts falling due within one year	2006	2005
	£	£
Bank overdraft	-	29,224
Bank loans (secured)	2,517,668	2,654,975
Trade creditors	154,578	98,114
Amounts owed to group undertaking	2,613,616	1,864,228
Corporation tax	-	3,033
Other taxes and social security costs	5,486	10,709
Other creditors	5,776	1,746
Accruals and deferred income	109,985	98,247
	<u>5,407,109</u>	<u>4,760,276</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 2006

..... continued

10. Creditors: amounts falling due after more than one year	2006 £	2005 £
Amount owed to group undertaking	<u>2,000,000</u>	<u>2,000,000</u>
11. Share capital	2006 £	2005 £
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	2006 £	2005 £
(Loss)/profit for the year	(310,784)	11,891
Opening shareholders' funds	<u>514,214</u>	<u>502,323</u>
Closing shareholders' funds	<u>203,430</u>	<u>514,214</u>
13. Capital commitments		
There were no capital commitments either authorised or contracted for at the balance sheet date (2005: £Nil).		
14. Related party transactions	2006 £	2005 £
Byrne Group Plc	(2,000,000)	-
F.B. Ellmer Limited	<u>(2,613,616)</u>	<u>(1,864,228)</u>
	<u>(4,613,616)</u>	<u>(1,864,228)</u>

The company has taken advantage of the exemption in the 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.

15. 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 2006**

..... continued

16. Ultimate parent undertaking

In the opinion of the directors, Byrne Group Plc is the company's ultimate parent undertaking.

The consolidated financial statements of Byrne Group Plc can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

17. Gross cash flows

	2006	2005
	£	£
Returns on investments and servicing of finance		
Interest received	555	2,529
	<u>555</u>	<u>2,529</u>
Taxation		
Corporation tax paid	(3,033)	-
	<u>(3,033)</u>	<u>-</u>
Financing		
Other new long term loans	-	2,000,000
New short term bank loan	2,517,668	-
Repayment of short term bank loan	(2,654,975)	(1,626,695)
	<u>(137,307)</u>	<u>373,305</u>

18. Analysis of changes in net debts

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	95,478	255,207	350,685
Overdrafts	(29,224)	29,224	-
	<u>66,254</u>	<u>284,431</u>	<u>350,685</u>
Debt due within one year	(2,654,975)	137,307	(2,517,668)
Debt due after one year	(2,000,000)	-	(2,000,000)
	<u>(4,654,975)</u>	<u>137,307</u>	<u>(4,517,668)</u>
Net debts	<u>(4,588,721)</u>	<u>421,738</u>	<u>(4,166,983)</u>