Registered No. 2348830

WILLAN DEVELOPMENTS LIMITED

ANNUAL REPORT

FOR THE PERIOD ENDED 31 MARCH 2001



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WILLAN DEVELOPMENTS LIMITED

ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2001

Directors report	1
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6

WILLAN DEVELOPMENTS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2001

The directors present their report and audited financial statements of the company for the period ended 31 March 2001.

PRINCIPAL ACTIVITIES

The company's principal activity is that of property development.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company has operated satisfactorily in the period.

On 23 March 2001 the company's ultimate parent undertaking, Willan UK Limited, changed its name to Willan Group Limited. On 23 March 2001 the company's immediate parent undertaking, Willan Group Limited, changed its name to Willan UK Limited.

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £233,199 (2000 - £1,547,495). The directors recommend the payment of a dividend of £58,300 (2000 - £386,874).

DIRECTORS AND THEIR INTERESTS

The directors who held office during the period, and their interests in the share capital of the company at the beginning and end of the period, were as follows:

	Ordinary shares of £1 each	
	31 March 2001	2 May 2000
R P A Willan	-	-
F J Turnbull	10	10

The interests of the directors in the share capital of the ultimate parent undertaking, Willan Group Limited as at 31 March 2001 are set out below:

	"A" Ordinary shares	"B" Ordinary shares	Total
R P A Willan	533,986	219,987	753,973
F J Turnbull	51,163	51,163	102,326

In accordance with the Articles of Association, F J Turnbull and R P A Willan retire and, being eligible, offer themselves for re-election.

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2001 (CONTINUED)

INTRODUCTION OF THE EURO

The directors consider that the introduction of the euro will not significantly affect the company activities.

The commercial implications of the UK introducing the euro and necessary related actions are being monitored by the directors on an ongoing basis.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 March 2001 and that applicable accounting standards have been followed. The directors are required to 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 that disclose with reasonable accuracy at any time the financial position of the company and 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 auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board

A S LAWSON
Secretary

13 July 2001

AUDITORS' REPORT TO THE MEMBERS OF WILLAN DEVELOPMENTS LIMITED

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 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 31 March 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICEWATERHOUSECOOPERS
Chartered Accountants
and Registered Auditors
Manchester

13 July 2001

WILLAN DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2001

	Note	11 months ended 31 March 2001 £	13 months ended 2 May 2000 £
TURNOVER	2	1,479,646	7,595,927
Cost of sales		(680,159)	(4,658,286)
GROSS PROFIT		799,487	2,937,641
Administrative expenses		(431,633)	(799,317)
OPERATING PROFIT	3	367,854	2,138,324
Interest receivable and similar income	5	47,682	2,934
Interest payable and similar charges	6	(80,872)	(41,022)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		334,664	2,100,236
Tax on profit on ordinary activities	7	(101,465)	(552,741)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		233,199	1,547,495
Dividends		(58,300)	(386,874)
PROFIT FOR THE FINANCIAL PERIOD TRANSFERRED TO RESERVES	16	174,899	1,160,621

The company has no recognised gains or losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 6 to 12 form part of these financial statements.

The above results are derived from continuing operations.

WILLAN DEVELOPMENTS LIMITED

BALANCE SHEET AS AT 31 MARCH 2001

	Note	31 March 2001	2 May 2000
		£	£
FIXED ASSETS			
Tangible assets	8	11,535	14,709
Investments	9	154,100	154,100
		165,635	168,809
CURRENT ASSETS			
Stocks and work in progress	10	2,939,607	1,837,165
Debtors	11	116,309	70,828
Cash at bank and in hand		-	1,561,490
		3,055,916	3,469,483
CREDITORS - Amounts falling due within one year	12	(2,055,983)	(2,646,684)
NET CURRENT ASSETS		999,933	822,799
TOTAL ASSETS LESS CURRENT LIABILITIES		1,165,568	991,608
CREDITORS – Amounts falling due after more than one year	13	-	(939)
NET ASSETS		1,165,568	990,669
CAPITAL AND RESERVES			
Called up share capital	15	1,000,000	1,000,000
Profit and loss account	16	165,568	(9,331)
EQUITY SHAREHOLDERS' FUNDS	17	1,165,568	990,669

The financial statements were approved by the board of directors on 13 July 2001 and signed on its behalf by:

F J Turnbull
DIRECTOR

The notes on pages 6 to 12 form part of these financial statements.

WILLAN DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2001

1 ACCOUNTING POLICIES

These financial statements are prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards.

Depreciation
Provision is made for depreciation on tangible assets at rates calculated to write off the cost of each asset over its expected useful life as follows:

Leasehold improvements	-	20% straight line
Computer equipment	-	25% - 33 1/3% reducing balance
Motor vehicles	-	25% straight line

Stocks and work in progress
Land on hand, exchange properties and materials are valued at the lower of cost and estimated net realisable value. Work in progress and finished property held for sale are valued at the cost of construction, including attributable interest, or at estimated market value if lower.

Deferred taxation
Taxation deferred or accelerated by the effect of timing differences is accounted for, at anticipated tax rates, only to the extent that it is probable that a liability or asset will crystallise.

Leasing
Assets held under finance leases are included as tangible fixed assets at purchase price and depreciated over the asset life. The obligations related to finance leases (net of finance charges allocated to future years) are included as appropriate under creditors due within or after one year. Hire costs in respect of operating leases are charged against profit during the period in which they are incurred.

Capitalisation of interest
Stock and work in progress include appropriate interest costs relating to the development and financing of a project.

2 TURNOVER

Turnover, which arose entirely in the United Kingdom, represents the amounts receivable for goods and services supplied to customers, excluding value added tax. All turnover and profit before taxation arises from the continuing activity of property development work. Revenue is recognised when a contract for the sale of a property has been signed. Contingent consideration is only recognised if its receipt is considered virtually certain.

3 OPERATING PROFIT

	11 months ended 31 March 2001	13 months ended 2 May 2000
Operating profit is stated after charging:	£	£
Auditors' remuneration	4,000	4,000
Operating lease rentals	12,439	9,640
Depreciation		
Owned assets	1,587	101
Assets held under finance lease	4,559	6,222

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2001 (CONTINUED)

4 EMPLOYEE INFORMATION

	11 months ended 31 March 2001	13 months ended 2 May 2000
Employee costs during the period	£	£
Wages and salaries	128,190	181,861
Social security costs	16,583	17,813
Pension costs	8,846	6,187
	153,619	205,861
	Number	Number
The average number of employees by activity is set out below:		
Administration	6	7

No director received remuneration in his capacity as a director of the company.

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	11 months ended 31 March 2001	13 months ended 2 May 2000
	£	£
From group undertakings	21,250	-
Bank interest	26,432	2,010
Other interest	-	924
	47,682	2,934

6 INTEREST PAYABLE AND SIMILAR CHARGES

	11 months ended 31 March 2001	13 months ended 2 May 2000
	£	£
On loans and overdrafts		
Repayable within 5 years	80,113	143,393
Other interest	759	897
	80,872	144,290
Less: charged as cost of sales	-	(103,268)
	80,872	41,022

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	11 months ended 31 March 2001	13 months ended 2 May 2000
	£	£
UK Corporation Tax at 30% (2000: 30%)		
- current period	101,465	552,741
	101,465	552,741

The company has unprovided amounts of deferred taxation for timing differences of £1,382 as at 31 March 2001(2000: £589). These differences relate to accelerated capital allowances.

8 TANGIBLE FIXED ASSETS

	Computer Equipment	Motor Vehicles	Total
	£	£	£
COST			
At 2 May 2000	1,701	24,892	26,593
Additions	471	5,000	5,471
Disposals	-	(5,000)	(5,000)
At 31 March 2001	2,172	24,892	27,064
ACCUMULATED DEPRECIATION			
At 2 May 2000	1,308	10,576	11,884
Charge for the period	337	5,809	6,146
Disposals	-	(2,501)	(2,501)
At 31 March 2001	1,645	13,884	15,529
NET BOOK AMOUNT			
At 31 March 2001	527	11,008	11,535
At 2 May 2000	393	14,316	14,709

There was no capital expenditure authorised or contracted for as at 31 March 2001 (2000 - Nil).

The net book amount of tangible fixed assets includes £6,216 (2000: £14,316) in respect of assets held under finance leases.

9 INVESTMENTS

	£
At 2 May 2000 and 31 March 2001	154,100

The equity shares represent investments held in properties sold by the company over which the company holds a legal charge.

10 STOCKS

	31 March 2001 £	2 May 2000 £
Work in progress	2,939,607	1,837,165

Included within work in progress is capitalised interest of £39,069 (2000 - £9,129).

11 DEBTORS

	31 March 2001 £	2 May 2000 £
Trade debtors	4,093	7,178
Amounts owed by fellow subsidiary undertaking	6,001	-
Social security and other taxes	77,017	25,631
Prepayments	29,198	38,019
	116,309	70,828

12 CREDITORS - Amounts falling due within one year

	31 March 2001 £	2 May 2000 £
Bank overdraft	58,952	-
Bank loans	1,599,000	1,161,500
Trade creditors	57,463	61,215
Amount owing to parent undertaking	111,798	736,906
Amounts owing to fellow subsidiary undertakings	18,605	144,936
Corporation tax	8,294	206,361
Social security and other taxes	5,143	7,171
Other creditors	145,949	308,874
Accruals	49,370	14,084
Finance lease creditor (note 14)	1,409	5,637
	2,055,983	2,646,684

The bank overdraft and bank loans are secured on fixed and current assets.

13 CREDITORS – Amounts falling due after more than one year

	31 March 2001 £	2 May 2000 £
Finance lease creditor (Note 14)	-	939

14 OBLIGATIONS UNDER FINANCE LEASES

	31 March 2001 £	2 May 2000 £
The finance leases are due to be repaid over the following periods:		
Within one year	1,616	6,465
Within two to five years	-	1,076
Less: finance charges allocated to future periods	(207)	(965)
	1,409	6,576

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2001 (CONTINUED)

15 SHARE CAPITAL

	Authorised		Allotted, issued and fully paid	
	2001	2000	2001	2000
	£	£	£	£
Ordinary shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000

16 PROFIT AND LOSS ACCOUNT

	£
At 2 May 2000	(9,331)
Retained profit for the period	174,899
At 31 March 2001	165,568

There were no movements in equity shareholders' funds other than the profit for the financial period.

17 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	31 March 2001	2 May 2000
	£	£
Retained profit for the period	174,899	1,160,621
Opening equity shareholders' funds	990,669	(169,952)
Closing equity shareholders' funds	1,165,568	990,669

18 COMMITMENTS UNDER OPERATING LEASES

	Plant and machinery	
	31 March 2001	2 May 2000
	£	£
Expiring:		
Within two to five years	10,896	10,896

19 CONTINGENT LIABILITIES AND COMMITMENTS

The company has entered into a composite guarantee in relation to any overdrafts of its immediate parent and fellow subsidiary undertakings.

19 PENSION COMMITMENTS

i) Employees

The company contributes to individual group personal pension policies based on defined contributions. Further details of pension arrangements are disclosed in the financial statements of Willan Group Limited. Contributions paid direct to employees' personal pension plans are charged in the period in which they fall due.

ii) Directors

The group operates a pension fund for certain of the directors which is financed through a separate trustee administered fund. All contributions are charged against profit as incurred and are based upon actuarial advice.

20 CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary of Willan Group Limited and is included in the consolidated financial statements of Willan Group Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Willan Group Limited

21 ULTIMATE PARENT UNDERTAKING AND CONTROL

The company's immediate parent undertaking is Willan UK Limited, which is registered in England. The company's ultimate parent undertaking is Willan Group Limited, a company registered in England. The company's ultimate controlling party is certain members of the Willan family, principally RPA Willan. Copies of the group financial statements of Willan Group Limited can be obtained from the registered office at 2 Brooklands Road, Sale, Cheshire M33 3SS.