Registered No. 2348830

WILLAN DEVELOPMENTS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 MARCH 2002



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WILLAN DEVELOPMENTS LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 30 MARCH 2002

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WILLAN DEVELOPMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 MARCH 2002

The directors present their report and the audited financial statements of the company for the year ended 30 March 2002.

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 year. The directors consider that future trading will continue at a similar level.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £54,849 (2001 - £233,199). The directors recommend the payment of a dividend of £13,712 (2001 - £58,300). The retained profit for the year has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

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

	Ordinary shares of £1 each	
	30 March 2002	31 March 2001
R P A Willan	-	-
F J Turnbull	10	10
A P Stewart (appointed 1 October 2001)	-	-
B Mills (appointed 1 May 2002)	-	-

The interests of the directors in the share capital of the ultimate parent undertaking, Willan Group Limited as at 31 March 2001 and 30 March 2002 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
A P Stewart	-	-	-
B Mills	-	-	-

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

PRIOR YEAR PERIOD

The prior year period refers to the eleven month period to 31 March 2001.

WILLAN DEVELOPMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 MARCH 2002 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year 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 year. 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 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 year ended 30 March 2002 and that applicable accounting standards have been followed.

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

24 June 2002

WILLAN DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLAN DEVELOPMENTS LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board.

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 the 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. The other information comprises only the director's report.

Basis of audit 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 at 30 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Manchester
24 June 2002

WILLAN DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 MARCH 2002

	Note	Year ended 30 March 2002	Period ended 31 March 2001
		£	£
TURNOVER	2	4,191,348	1,479,646
Cost of sales		(3,735,728)	(680,159)
GROSS PROFIT		455,620	799,487
Administrative expenses		(396,287)	(431,633)
OPERATING PROFIT	3	59,333	367,854
Interest receivable and similar income	5	37,721	47,682
Interest payable and similar charges	6	(22,521)	(80,872)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		74,533	334,664
Tax on profit on ordinary activities	7	(19,684)	(101,465)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		54,849	233,199
Dividends		(13,712)	(58,300)
PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	16	41,137	174,899

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 30 MARCH 2002

	Note	30 March 2002	31 March 2001
		£	£
FIXED ASSETS			
Tangible assets	8	5,176	11,535
Investments	9	137,614	154,100
		142,790	165,635
CURRENT ASSETS			
Stocks and work in progress	10	1,104,879	2,939,607
Debtors	11	1,082,537	116,309
Cash at bank and in hand		560,855	-
		2,748,271	3,055,916
CREDITORS – Amounts falling due within one year	12	(1,684,356)	(2,055,983)
NET CURRENT ASSETS		1,063,915	999,933
TOTAL ASSETS LESS CURRENT LIABILITIES		1,206,705	1,165,568
NET ASSETS		1,206,705	1,165,568
CAPITAL AND RESERVES			
Called up share capital	14	1,000,000	1,000,000
Profit and loss account	15	206,705	165,568
EQUITY SHAREHOLDERS' FUNDS	16	1,206,705	1,165,568

The financial statements were approved by the board of directors on 24 June 2002 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 YEAR ENDED 30 MARCH 2002

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:

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, appropriate marketing costs and the cost of purchase options over land when it is considered that the purchase is virtually certain or at estimated market value if lower.

Deferred taxation
In accordance with Financial Reporting Standard 19 deferred taxation is fully provided in respect of timing differences to the extent that it is probable that a liability will arise or that an asset will be recoverable in the foreseeable future. Deferred tax balances are not discounted.

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 year 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.

Changes in Accounting Policy

FRS18 "Accounting Policies" has been adopted in the current year. Following a review of the accounting policies adopted by the company the directors consider them to be appropriate and accordingly no adjustments have been made.

The provisions of FRS19 "Deferred Tax" have been adopted for the first time in these financial statements. As a consequence, full provision has been made for deferred tax on tax assets and liabilities arising on timing differences. The impact of this change on the comparative figures was not considered material to warrant a prior year adjustment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 MARCH 2002 (CONTINUED)

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. Turnover is recognised on legal completion or exchange should completion be certain within fourteen days of the period end.

3 OPERATING PROFIT

	Year ended 30 March 2002	Period ended 31 March 2001
Operating profit is stated after charging:	£	£
Auditors' remuneration	4,000	4,000
Operating lease rentals	10,443	12,439
Depreciation		
Owned assets	6,359	1,587
Assets held under finance lease	-	4,559

4 EMPLOYEE INFORMATION

	Year ended 30 March 2002	Period ended 31 March 2001
Employee costs during the year	£	£
Wages and salaries	128,019	128,190
Social security costs	17,388	16,583
Pension costs	8,580	8,846
	153,987	153,619
	Number	Number
The average number of employees by activity is set out below:		
Administration	6	6

	Year ended 30 March 2002	Period ended 31 March 2001
	£	£
Directors' remuneration	27,635	-

One director (2001 - nil) accrued retirement benefits under a money purchase scheme. Company contributions to this scheme in the year were £1,544 (2001 - £nil).

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 March 2002	Period ended 31 March 2001
	£	£
From group undertakings	37,500	21,250
Bank interest	38	26,432
Other interest	183	-
	37,721	47,682

6 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 March 2002	Period ended 31 March 2001
	£	£
On loans and overdrafts		
Repayable within 5 years	22,314	80,113
Other interest	207	759
	22,521	80,872

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 30 March 2002	Period ended 31 March 2001
	£	£
UK Corporation Tax at 30% (2001: 30%)		
- current year	19,684	101,465

Factors affecting the tax charge for the period

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

	Year ended 30 March 2002	Period ended 31 March 2001
	£	£
Profit on ordinary activities before tax	74,533	334,664
Profit on ordinary activities multiplied by standard rate of tax in the UK of 30% (2001: 30%)	22,360	100,400
Expenses not deductible/income not chargeable for tax purposes	(550)	254
Capital allowances in excess of depreciation	(2,126)	-
Depreciation in excess of capital allowances	-	811
	19,684	101,465

8 TANGIBLE FIXED ASSETS

	Computer Equipment	Motor Vehicles	Total
	£	£	£
COST			
At 1 April 2001	2,172	24,892	27,064
Additions	-	-	-
Disposals	-	-	-
At 30 March 2002	2,172	24,892	27,064
ACCUMULATED DEPRECIATION			
At 1 April 2001	1,645	13,884	15,529
Charge for the year	132	6,227	6,359
Disposals	-	-	-
At 30 March 2002	1,777	20,111	21,888
NET BOOK AMOUNT			
At 30 March 2002	395	4,781	5,176
At 31 March 2001	527	11,008	11,535

There was no capital expenditure authorised or contracted for as at 30 March 2002 (2001 - Nil).

The net book amount of tangible fixed assets includes £nil (2001: £6,216) in respect of assets held under finance leases.

9 INVESTMENTS

	30 March 2002	31 March 2001
	£	£
Equity Shares	137,614	154,100

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

10 STOCKS

	30 March 2002 £	31 March 2001 £
Work in progress	1,104,879	2,939,607

Included within work in progress is capitalised interest of £24,799(2001 - £39,069).

11 DEBTORS

	30 March 2002 £	31 March 2001 £
Trade debtors	1,016,400	4,093
Amounts owed by fellow subsidiary undertaking	-	6,001
Amount owed by parent undertaking	6,874	-
Social security and other taxes	37,713	77,017
Prepayments and sundry debtors	21,550	29,198
	1,082,537	116,309

12 CREDITORS - Amounts falling due within one year

	30 March 2002 £	31 March 2001 £
Bank overdraft	-	58,952
Bank loans	1,292,788	1,599,000
Trade creditors	217,794	57,463
Amount owing to parent undertaking	-	111,798
Amounts owing to fellow subsidiary undertakings	-	18,605
Corporation tax	9,465	8,294
Social security and other taxes	4,802	5,143
Other creditors	106,705	145,949
Accruals	52,802	49,370
Finance lease creditor (note 13)	-	1,409
	1,684,356	2,055,983

The bank loans are secured on fixed and current assets.

13 OBLIGATIONS UNDER FINANCE LEASES

	30 March 2002	31 March 2001
	£	£
The finance leases are due to be repaid over the following years:		
Within one year	-	1,616
Less: finance charges allocated to future years	-	(207)
	-	1,409

14 SHARE CAPITAL

	Authorised		Allotted, issued and fully paid	
	2002	2001	2002	2001
	£	£	£	£
Ordinary shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000

15 PROFIT AND LOSS ACCOUNT

	£
At 1 April 2001	165,568
Retained profit for the year	41,137
At 30 March 2002	206,705

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

16 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	30 March 2002	31 March 2001
	£	£
Retained profit for the year	41,137	174,899
Opening equity shareholders' funds	1,165,568	990,669
Closing equity shareholders' funds	1,206,705	1,165,568

17 COMMITMENTS UNDER OPERATING LEASES

	Plant and machinery	
	30 March 2002	31 March 2001
	£	£
Expiring:		
Within two to five years	-	10,896

18 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 year 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.