Registered No. 2348830

WILLAN DEVELOPMENTS LIMITED

ANNUAL REPORT

FOR THE PERIOD ENDED 5 APRIL 2003

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WILLAN DEVELOPMENTS LIMITED

ANNUAL REPORT FOR THE PERIOD ENDED 5 APRIL 2003

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WILLAN DEVELOPMENTS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 5 APRIL 2003

The directors present their report and the audited financial statements of the company for the period 5 April 2003.

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

RESULTS AND DIVIDENDS

The loss for the period after taxation amounted to £34,825 (2002 – Profit of £54,849).The directors do not recommend the payment of a dividend (2002 - £13,712). The retained loss for the period has been transferred from reserves.

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	
	5 April 2003	30 March 2002
R P A Willan	-	-
F J Turnbull	10	10
A P Stewart	-	-
B Mills	-	-
I Fogg (appointed 14 April 2003)	-	-

The interests of the directors in the share capital of the ultimate parent undertaking, Willan Group Limited at the beginning of the period 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	-	-	-
I Fogg (appointed 14 April 2003)	-	-	-

Following the death of R M Willan, 194,000 deferred shares were transferred to R P A Willan, bringing his total shareholding to 947,973.

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 5 APRIL 2003 (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 period ended 5 April 2003 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

Following the conversion of the company's auditors, PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 17 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP as auditors. A resolution proposing the re-appointment of PricewaterhouseCoopers LLP as the auditors of the company will be proposed at the annual general meeting.

By Order of the Board

A S LAWSON
Secretary

23 June 2003

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. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 Directors' 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 5 April 2003 and of the loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester

23 June 2003

WILLAN DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 5 APRIL 2003

	Note	Period ended 5 April 2003	Year ended 30 March 2002
		£	£
TURNOVER	2	1,673,422	4,191,348
Cost of sales		(1,313,903)	(3,735,728)
GROSS PROFIT		359,519	455,620
Administrative expenses		(430,147)	(396,287)
OPERATING (LOSS)/PROFIT	3	(70,628)	59,333
Interest receivable and similar income	5	15,271	37,721
Interest payable and similar charges	6	(2,109)	(22,521)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(57,466)	74,533
Tax on profit on ordinary activities	7	22,641	(19,684)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(34,825)	54,849
Dividends		-	(13,712)
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD TRANSFERRED FROM RESERVES	15	(34,825)	41,137

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 13 form part of these financial statements.

The above results are derived from continuing operations.

WILLAN DEVELOPMENTS LIMITED

BALANCE SHEET AS AT 5 APRIL 2003

	Note	5 April 2003	30 March 2002
		£	£
FIXED ASSETS			
Tangible assets	8	2,882	5,176
Investments	9	137,614	137,614
		140,496	142,790
CURRENT ASSETS			
Stocks and work in progress	10	2,796,237	1,104,879
Debtors	11	543,557	1,082,537
Cash at bank and in hand		-	560,855
		3,339,794	2,748,271
CREDITORS – Amounts falling due within one year	12	(2,308,410)	(1,684,356)
NET CURRENT ASSETS		1,031,384	1,063,915
TOTAL ASSETS LESS CURRENT LIABILITIES		1,171,880	1,206,705
NET ASSETS		1,171,880	1,206,705
CAPITAL AND RESERVES			
Called up share capital	14	1,000,000	1,000,000
Profit and loss account	15	171,880	206,705
EQUITY SHAREHOLDERS' FUNDS	16	1,171,880	1,206,705

The financial statements on pages 4 to 13 were approved by the board of directors on 23 June 2003 and signed on its behalf by:

R P A Willan
DIRECTOR

The notes on pages 6 to 13 form part of these financial statements.

WILLAN DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2003

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% - 33⅓% 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 and appropriate marketing costs.Purchase options over land are included at cost 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.

Pensions

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.

Investments
Investments comprise equity shares held in properties over which the company holds a legal charge.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2003 (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. Revenue is recognised on legal completion or exchange when completion is within 14 days of the period end. Contingent consideration is only recognised if its receipt is considered virtually certain.

3 OPERATING PROFIT

	Period ended 5 April 2003	Year ended 30 March 2002
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	4,000	4,000
Operating lease rentals	10,452	10,443
Depreciation		
Owned assets	2,662	6,539

4 EMPLOYEE INFORMATION

	Period ended 5 April 2003	Year ended 30 March 2002
Employee costs during the period	£	£
Wages and salaries	163,773	128,019
Social security costs	20,392	17,388
Pension costs	10,803	8,580
	194,968	153,987
	Number	Number
The average number of employees by activity is set out below:		
Administration	6	6

	Period ended 5 April 2003	Year ended 30 March 2002
	£	£
Directors' remuneration	93,596	27,635

Two directors (2002 - 1) accrued retirement benefits under a money purchase scheme. Company contributions to this scheme in the period were £5,287 (2002 - £1,544).

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 APRIL 2003 (CONTINUED)

4 EMPLOYEE INFORMATION (CONTINUED)

Highest paid director	Period ended 5 April 2003 £	Year ended 30 March 2002 £
Emoluments	52,375	27,635
Company contributions to money purchase pension scheme	2,912	1,544

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 5 April 2003 £	Year ended 30 March 2002 £
From group undertakings	4,568	37,500
Bank interest	6,369	38
Other interest	4,334	183
	15,271	37,721

6 INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 5 April 2003 £	Year ended 30 March 2002 £
On loans and overdrafts		
Repayable within 5 years	2,109	22,314
Other interest	-	207
	2,109	22,521

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period ended 5 April 2003 £	Year ended 30 March 2002 £
UK Corporation Tax (credit)/charge at 30% (2002: 30%)		
- current period	(16,706)	19,684
- deferred tax	(5,935)	-
	(22,641)	19,684

7 TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

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

	Period ended 5 April 2003 £	Year ended 30 March 2002 £
(Loss)/profit on ordinary activities before tax	(57,466)	74,533
Profit on ordinary activities multiplied by standard rate of tax in the UK of 30% (2002: 30%)	(17,240)	22,360
Income not chargeable for tax purposes	(5,401)	(550)
Depreciation in excess of capital allowances	5,935	(2,126)
Current tax (credit)/charge for the period	(16,706)	19,684

8 TANGIBLE FIXED ASSETS

	Computer equipment £	Motor vehicles £	Total £
COST			
At 30 March 2002	2,172	24,892	27,064
Additions	368	-	368
Disposals	(1,472)	-	(1,472)
At 5 April 2003	1,068	24,892	25,960
ACCUMULATED DEPRECIATION			
At 30 March 2002	1,777	20,111	21,888
Charge for the period	175	2,487	2,662
Disposals	(1,472)	-	(1,472)
At 5 April 2003	480	22,598	23,078
NET BOOK AMOUNT			
At 5 April 2003	588	2,294	2,882
At 30 March 2002	395	4,781	5,176

8 TANGIBLE FIXED ASSETS (CONTINUED)

There was no capital expenditure authorised or contracted for as at 5 April 2003 (2002 - £nil).

The net book amount of tangible fixed assets includes £nil (2002: £nil) in respect of assets held under finance leases.

9 INVESTMENTS

	5 April 2003 £	30 March 2002 £
Equity shares	137,614	137,614

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

10 STOCKS

	5 April 2003 £	30 March 2002 £
Work in progress	2,796,237	1,104,879

Included within work in progress is capitalised interest of £45,908 (2002 - £24,799).

11 DEBTORS

	5 April 2003 £	30 March 2002 £
Trade debtors	400,000	1,016,400
Amounts owed by fellow subsidiary undertaking	16,706	-
Amount owed by parent undertaking	-	6,874
Deferred tax (Note 13)	5,935	-
Other debtors	95,392	37,713
Prepayments and sundry debtors	25,524	21,550
	543,557	1,082,537

12 CREDITORS - Amounts falling due within one year

	5 April 2003 £	30 March 2002 £
Bank overdraft	490,714	-
Bank loans	1,225,050	1,292,788
Trade creditors	449,596	217,794
Corporation tax	10,008	9,465
Social security and other taxes	10,048	4,802
Other creditors	100,075	106,705
Accruals	22,919	52,802
	2,308,410	1,684,356

The bank loans are secured on fixed and current assets.

13 PROVISIONS FOR LIABILITIES AND CHARGES

	£
At 30 March 2002	-
Credit to profit and loss account	(5,935)
At 5 April 2003	(5,935)

	5 April 2003 £	30 March 2002 £
The deferred taxation asset comprises:		
Excess of depreciation over capital allowances	(1,784)	-
Other short term timing differences	(4,151)	-
	(5,935)	-

14 SHARE CAPITAL

	Authorised		Allotted, issued and fully paid	
	2003 £	2002 £	2003 £	2002 £
Ordinary shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000

15 PROFIT AND LOSS ACCOUNT

	£
At 30 March 2002	206,705
Retained loss for the period	(34,825)
At 5 April 2003	171,880

16 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	5 April 2003 £	30 March 2002 £
Retained loss for the period	(34,825)	41,137
Opening equity shareholders' funds	1,206,705	1,165,568
Closing equity shareholders' funds	1,171,880	1,206,705

17 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.

18 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.

19 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.

20 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.

21 COMMITMENTS UNDER OPERATING LEASES

	Plant and Machinery	
	5 April 2003	30 March 2002
	£	£
Expiring within one year	5,850	-
Expiring between 2 and 5 years	14,051	14,661
	19,901	14,661