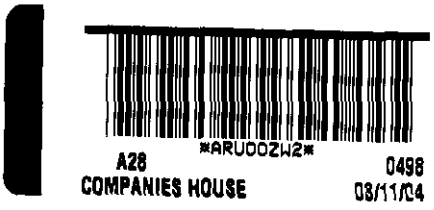
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WILLAN DEVELOPMENTS LIMITED

ANNUAL REPORT

FOR THE PERIOD ENDED 3 APRIL 2004



WILLAN DEVELOPMENTS LIMITED

ANNUAL REPORT FOR THE PERIOD ENDED 3 APRIL 2004

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WILLAN DEVELOPMENTS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 3 APRIL 2004

The directors present their report and the audited financial statements of the company for the period, being the 52 weeks to 3 April 2004.

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 profit for the period after taxation amounted to £164,559 (2003 – Loss of £34,825). The directors recommend the payment of a dividend of £41,140 (2003 - nil). The retained profit for the period has been transferred to 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	
	3 April 2004	5 April 2003
R P A Willan	-	-
F J Turnbull	10	10
A P Stewart	-	-
B Mills	-	-
I Fogg	-	-

The interests of the directors in the share capital of the ultimate parent undertaking, Willan Group Limited at the beginning and end of the period are set out below:

	"A" Ordinary shares	"B" Ordinary shares	Deferred shares	Total
R P A Willan	533,986	219,987	194,000	947,973
F J Turnbull	51,163	51,163	-	102,326
A P Stewart	-	-	-	-
B Mills	-	-	-	-
I Fogg	-	-	-	-

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 3 APRIL 2004 (CONTINUED)

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 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.

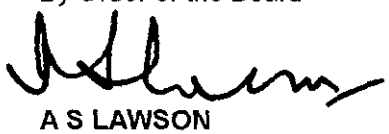
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 3 April 2004 and that applicable accounting standards have 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

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

18 August 2004

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 3 April 2004 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester

18 August 2004

WILLAN DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 3 APRIL 2004

	Note	Period ended 3 April 2004	Period ended 5 April 2003
		£	£
TURNOVER	2	5,079,914	1,673,422
Cost of sales		(4,411,377)	(1,313,903)
GROSS PROFIT		668,537	359,519
Administrative expenses		(419,715)	(430,147)
OPERATING PROFIT/(LOSS)	3	248,822	(70,628)
Interest receivable and similar income	5	1,117	15,271
Interest payable and similar charges	6	(15,553)	(2,109)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		234,386	(57,466)
Tax (charge)/credit on profit on ordinary activities	7	(69,827)	22,641
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		164,559	(34,825)
Dividends		(41,140)	-
PROFIT/(LOSS) FOR THE PERIOD TRANSFERRED TO/(FROM) RESERVES	15	123,419	(34,825)

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 3 APRIL 2004

	Note	3 April 2004	5 April 2003
		£	£
FIXED ASSETS			
Tangible assets	8	1,488	2,882
Investments	9	137,614	137,614
		139,102	140,496
CURRENT ASSETS			
Stocks and work in progress	10	1,501,098	2,796,237
Debtors	11	1,387,236	543,557
Cash at bank and in hand		17,659	-
		2,905,993	3,339,794
CREDITORS – Amounts falling due within one year	12	(1,749,796)	(2,308,410)
NET CURRENT ASSETS		1,156,197	1,031,384
TOTAL ASSETS LESS CURRENT LIABILITIES		1,359,345	1,171,880
NET ASSETS		1,295,299	1,171,880
CAPITAL AND RESERVES			
Called up share capital	14	1,000,000	1,000 000
Profit and loss account	15	295,299	171,880
EQUITY SHAREHOLDERS' FUNDS	16	1,295,299	1,171,880

The financial statements on pages 4 to 13 were approved by the board of directors on 18 August 2004 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 3 APRIL 2004

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 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
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.

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 3 APRIL 2004 (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/(LOSS)

	Period ended 3 April 2004	Period ended 5 April 2003
Operating profit is stated after charging:	£	£
Auditors' remuneration	5,000	4,000
Operating lease rentals	22,064	10,452
Depreciation – owned assets	1,393	2,662

4 EMPLOYEE INFORMATION

	Period ended 3 April 2004	Period ended 5 April 2003
Employee costs during the period	£	£
Wages and salaries	215,731	163,773
Social security costs	27,659	20,392
Pension costs	14,766	10,803
	258,156	194,968
	Number	Number
The average number of employees by activity is set out below:		
Administration	6	6

	Period ended 3 April 2004	Period ended 5 April 2003
	£	£
Directors' remuneration	164,045	93,596

Three directors (2003 - 2) accrued retirement benefits under a money purchase scheme. Company contributions to this scheme in the period were £9,824 (2003 - £5,287).

4 EMPLOYEE INFORMATION (CONTINUED)

Highest paid director	Period ended 3 April 2004 £	Period ended 5 April 2003 £
Emoluments	59,024	52,375
Company contributions to money purchase pension scheme	2,943	2,912

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 3 April 2004 £	Period ended 5 April 2003
From group undertakings	-	4,568
Bank interest	199	6,369
Other interest	918	4,334
	1,117	15,271

6 INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 3 April 2004 £	Period ended 5 April 2003
On loans and overdrafts:		
Repayable within 5 years	15,553	2,109
	15,553	2,109

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period ended 3 April 2004 £	Period ended 5 April 2003 £
UK Corporation Tax charge/(credit) at 30% (2003: 30%)		
- current period	70,084	(16,706)
- adjustment in respect of prior periods	(6,029)	-
Total current tax	64,055	(16,706)
Deferred tax		
- current period	1,621	(5,935)
- adjustment in respect of prior periods	4,151	-
Tax charge/(credit)	69,827	(22,641)

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 3 April 2004 £	Period ended 5 April 2003 £
Profit/(loss) on ordinary activities before tax	234,386	(57,466)
Profit/(Loss) on ordinary activities multiplied by standard rate of tax in the UK of 30% (2003: 30%)	70,316	(17,240)
Expenses not deductible for tax purposes	1,389	-
Income not chargeable for tax purposes	-	(5,401)
Adjustments in respect of prior periods	(6,029)	-
Capital allowances in excess of depreciation	(1,621)	-
Depreciation in excess of capital allowances	-	5,935
Current tax charge/(credit) for the period	64,055	(16,706)

8 TANGIBLE FIXED ASSETS

	Computer equipment £	Motor vehicles £	Total £
COST			
At 5 April 2003	1,068	24,892	25,960
Disposals		(19,892)	(19,892)
At 3 April 2004	1,068	5,000	6,068
ACCUMULATED DEPRECIATION			
At 5 April 2003	480	22,598	23,078
Charge for the period	143	1,250	1,393
Disposals	-	(19,891)	(19,891)
At 3 April 2004	623	3,957	4,580
NET BOOK AMOUNT			
At 3 April 2004	445	1,043	1,488
At 5 April 2003	588	2,294	2,882

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 APRIL 2004 (CONTINUED)

8 TANGIBLE FIXED ASSETS (CONTINUED)

There was no capital expenditure authorised or contracted for as at 3 April 2004 (2003: £nil).

The net book amount of tangible fixed assets includes £nil (2003: £nil) in respect of assets held under finance leases.

9 INVESTMENTS

	3 April 2004 £	5 April 2003 £
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

	3 April 2004 £	5 April 2003 £
Work in progress	1,501,098	2,796,237

Included within work in progress is capitalised interest of £31,895 (2003 - £45,908).

11 DEBTORS

	3 April 2004 £	5 April 2003 £
Trade debtors	1,315,016	400,000
Amounts owed by fellow subsidiary undertaking	-	16,706
Deferred tax (Note 13)	163	5,935
Other debtors	49,098	95,392
Prepayments and sundry debtors	22,959	25,524
	1,387,236	543,557

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 APRIL 2004 (CONTINUED)

12 CREDITORS - Amounts falling due within one period

	3 April 2004	5 April 2003
	£	£
Bank overdraft	-	490,714
Bank loans	1,247,336	1,225,050
Trade creditors	181,196	449,596
Corporation tax	70,485	10,008
Social security and other taxes	13,449	10,048
Amount owing to parent undertaking	41,140	-
Other creditors	150,131	100,075
Accruals	46,059	22,919
	1,749,796	2,308,410

The bank loans are secured on fixed and current assets.

13 PROVISIONS FOR LIABILITIES AND CHARGES – DEFERRED TAXATION

	£
At 5 April 2003	(5,935)
Charge to profit and loss account	1,621
Adjustments in respect of prior periods	4,151
At 3 April 2004	(163)

	3 April 2004	5 April 2003
	£	£
The deferred taxation asset comprises:		
Excess of depreciation over capital allowances	(163)	(1,784)
Other short term timing differences	-	(4,151)
	(163)	(5,935)

14 SHARE CAPITAL

	Authorised		Allotted, issued and fully paid	
	2004	2003	2004	2003
	£	£	£	£
Ordinary shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000

15 PROFIT AND LOSS ACCOUNT

	£
At 5 April 2003	171,880
Retained profit for the period	123,419
At 3 April 2004	295,299

16 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	3 April 2004 £	5 April 2003 £
Profit/(loss) for the period	164,559	(34,825)
Dividends	(41,140)	-
	123,419	(34,825)
Opening equity shareholders' funds	1,171,880	1,206,705
Closing equity shareholders' funds	1,295,299	1,171,880

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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 APRIL 2004 (CONTINUED)

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	
	3 April 2004	5 April 2003
	£	£
Expiring within one period	9,072	5,850
Expiring between 2 and 5 periods	10,829	14,051
	19,901	
		19,901