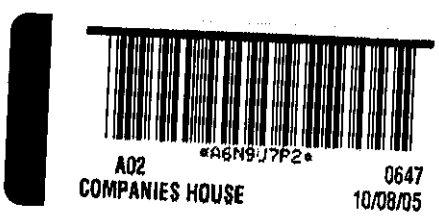
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WILLAN DEVELOPMENTS LIMITED

ANNUAL REPORT

FOR THE PERIOD ENDED 2 APRIL 2005



WILLAN DEVELOPMENTS LIMITED

ANNUAL REPORT FOR THE PERIOD ENDED 2 APRIL 2005

Directors' report	1
Independent 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 2 APRIL 2005

The directors present their report and the audited financial statements of the company for the period, being the 52 weeks to 2 April 2005.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results for the period were unsatisfactory and action is being taken to improve profitability in the future.

RESULTS AND DIVIDENDS

The loss for the period after taxation amounted to £171,850 (2004 – Profit of £164,559). The directors do not recommend payment of a dividend (2004 - £41,140). 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	
	2 April 2005	3 April 2004
R P A Willan	-	-
F J Turnbull	10	10
A P Stewart	-	-
B Mills	-	-
I Fogg (resigned 10/02/05)	-	-

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 2 APRIL 2005 (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 2 April 2005 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

27 June 2005

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.

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 2 April 2005 and of the loss 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

27 June 2005

WILLAN DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 2 APRIL 2005

	Note	Period ended 2 April 2005	Period ended 3 April 2004
		£	£
TURNOVER	2	1,626,465	5,079,914
Cost of sales		(1,479,009)	(4,411,377)
GROSS PROFIT		147,456	668,537
Administrative expenses		(400,165)	(419,715)
OPERATING (LOSS)/PROFIT	3	(252,709)	248,822
Interest receivable and similar income	5	11,472	1,117
Interest payable and similar charges	6	(5,231)	(15,553)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(246,468)	234,386
Tax credit/(charge) on (loss)/profit on ordinary activities	7	74,618	(69,827)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(171,850)	164,559
Dividends		-	(41,140)
(LOSS)/PROFIT FOR THE PERIOD TRANSFERRED (FROM)/TO RESERVES	15	(171,850)	123,419

The company has no recognised gains or losses other than the loss 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 2 APRIL 2005

	Note	2 April 2005	3 April 2004
		£	£
FIXED ASSETS			
Tangible assets	8	-	1,488
Investments	9	137,614	137,614
		137,614	139,102
CURRENT ASSETS			
Stocks and work in progress	10	2,869,398	1,501,098
Debtors	11	270,592	1,387,236
Cash at bank and in hand		-	17,659
		3,139,990	2,905,993
CREDITORS – Amounts falling due within one year	12	(2,154,155)	(1,749,796)
NET CURRENT ASSETS		985,835	1,156,197
TOTAL ASSETS LESS CURRENT LIABILITIES		1,123,449	1,295,299
NET ASSETS		1,123,449	1,295,299
CAPITAL AND RESERVES			
Called up share capital	14	1,000,000	1,000,000
Profit and loss account	15	123,449	295,299
EQUITY SHAREHOLDERS' FUNDS	16	1,123,449	1,295,299

The financial statements on pages 4 to 12 were approved by the board of directors on 27 June 2005 and signed on its behalf by:

R P A Willan
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 2 APRIL 2005

1 **ACCOUNTING POLICIES**

These financial statements are prepared on a going concern basis 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% straight line
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

The company provides for corporate taxation on the results for the period at the normal rate applicable to that period.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in future have occurred at the balance sheet date.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. 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 2 APRIL 2005 (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 (LOSS)/PROFIT

	Period ended 2 April 2005	Period ended 3 April 2004
Operating (loss)/profit is stated after charging:	£	£
Auditors' remuneration	5,000	5,000
Operating lease rentals	26,687	22,064
Depreciation – owned assets	1,488	1,393

4 EMPLOYEE INFORMATION

	Period ended 2 April 2005	Period ended 3 April 2004
Employee costs during the period	£	£
Wages and salaries	223,175	215,731
Social security costs	31,960	27,659
Pension costs	15,970	14,766
	271,106	258,156
	Number	Number
The average number of employees by activity is set out below:		
Administration	6	6

	Period ended 2 April 2005	Period ended 3 April 2004
	£	£
Directors' remuneration	210,999	164,045

Three directors (2004 - 3) accrued retirement benefits under a money purchase scheme. Company contributions to this scheme in the period were £11,511 (2004 - £9,824).

4 EMPLOYEE INFORMATION (CONTINUED)

Highest paid director	Period ended 2 April 2005 £	Period ended 3 April 2004 £
Emoluments	77,337	59,024
Company contributions to money purchase pension scheme	3,865	2,943

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 2 April 2005 £	Period ended 3 April 2004 £
Bank interest	10,323	199
Other interest	1,149	918
	11,472	1,117

6 INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 2 April 2005 £	Period ended 3 April 2004 £
On loans and overdrafts:		
Repayable within 5 years	21,636	15,553
Less: interest capitalised to work in progress	(16,405)	-
	5,231	15,553

7 TAX ON (LOSS)/ PROFIT ON ORDINARY ACTIVITIES

	Period ended 2 April 2005 £	Period ended 3 April 2004 £
UK Corporation Tax (credit)/charge at 30% (2004: 30%)		
- current period	(74,162)	70,084
- adjustment in respect of prior periods	(163)	(6,029)
Total current tax	(74,325)	64,055
Deferred tax		
- current period	(295)	1,621
- adjustment in respect of prior periods	2	4,151
Tax (credit)/charge	(74,618)	69,827

7 TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

Factors affecting the tax charge for the period

The tax assessed for the period is lower (2004: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Period ended 2 April 2005 £	Period ended 3 April 2004 £
(Loss)/profit on ordinary activities before tax	(246,468)	234,386
(Loss)/profit on ordinary activities multiplied by standard rate of tax in the UK of 30% (2004: 30%)	(73,940)	70,316
Expenses not deductible for tax purposes	1,500	1,389
Adjustment for small companies rate	(2,017)	-
Adjustments in respect of prior periods	(163)	(6,029)
Capital allowances in excess of depreciation	295	(1,621)
Current tax (credit)/charge for the period	(74,325)	64,055

There are no significant factors that will affect the future tax charge.

8 TANGIBLE FIXED ASSETS

	Computer equipment £	Motor vehicles £	Total £
COST			
At 3 April 2004 and at 2 April 2005	1,068	5,000	6,068
ACCUMULATED DEPRECIATION			
At 3 April 2004	623	3,957	4,580
Charge for the period	445	1,043	1,488
At 2 April 2005	1,068	5,000	6,068
NET BOOK AMOUNT			
At 2 April 2005	-	-	-
At 3 April 2004	445	1,043	1,488

There was no capital expenditure authorised or contracted for as at 2 April 2005 (2004: £nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 APRIL 2005 (CONTINUED)

9 INVESTMENTS

	2 April 2005	3 April 2004
	£	£
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

	2 April 2005	3 April 2004
	£	£
Work in progress	2,869,398	1,501,098

Included within work in progress is capitalised interest of £16,405 (2004 - £31,895).

11 DEBTORS

	2 April 2005	3 April 2004
	£	£
Trade debtors	606	1,315,016
Amounts owed by fellow subsidiary undertaking	78,283	-
Deferred tax (Note 13)	456	163
Other debtors	173,966	49,098
Prepayments and sundry debtors	17,281	22,959
	270,592	1,387,236

12 CREDITORS - Amounts falling due within one period

	2 April 2005	3 April 2004
	£	£
Bank overdraft	823,746	-
Bank loans	669,828	1,247,336
Trade creditors	418,238	181,196
Corporation tax	4,357	70,485
Social security and other taxes	17,193	13,449
Amount owing to parent undertaking	-	41,140
Other creditors	179,342	150,131
Accruals	41,451	46,059
	2,154,155	1,749,796

The bank loans are secured on fixed and current assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 APRIL 2005 (CONTINUED)

13 PROVISIONS FOR LIABILITIES AND CHARGES – DEFERRED TAXATION

	£
At 3 April 2004	(163)
Charge to profit and loss account	(293)
At 2 April 2005	(456)

	2 April 2005	3 April 2004
	£	£
The deferred taxation asset comprises:		
Excess of depreciation over capital allowances	(456)	(163)

14 SHARE CAPITAL

	Authorised		Allotted, issued and fully paid	
	2005	2004	2005	2004
	£	£	£	£
Ordinary shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000

15 PROFIT AND LOSS ACCOUNT

	£
At 3 April 2004	295,299
Retained loss for the period	(171,850)
At 2 April 2005	123,449

16 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2 April 2005	3 April 2004
	£	£
(Loss)/profit for the period	(171,850)	164,559
Dividends	-	(41,140)
	(171,850)	123,419
Opening equity shareholders' funds	1,295,299	1,171,880
Closing equity shareholders' funds	1,123,449	1,295,299

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.

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	
	2 April 2005	3 April 2004
	£	£
Expiring within one year	3,008	9,072
Expiring between 2 and 5 years	16,029	10,829
	19,037	19,901