Registered No. 2348830

WILLAN DEVELOPMENTS LIMITED

ANNUAL REPORT

FOR THE PERIOD ENDED 31 MARCH 2007

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WILLAN DEVELOPMENTS LIMITED

ANNUAL REPORT FOR THE PERIOD ENDED 31 MARCH 2007

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WILLAN DEVELOPMENTS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2007

The directors present their report and audited financial statements of the Company for the period, being the 52 weeks to 31 March 2007

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company's principal activity is that of property development The results for the period were unsatisfactory and action is being taken to improve profitability in the future

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £352,626 (2006 - Loss of £43,892) No dividend payment was made during the period (2006 £nil) The retained profit for the period has been transferred to reserves

DIRECTORS

The directors who held office during the period were as follows

R P A Willan
F J Turnbull
A P Stewart

FINANCIAL RISK MANAGEMENT

The directors manage financial risk on a group wide basis Details of the Groups financial risk management policies can be found in the financial statements of Willan Group Limited

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2007 (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 31 March 2007 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

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

For all persons who are directors at the time of the approval of the annual report

a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
b) each director has taken all the steps necessary as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the annual general meeting

By Order of the Board



A S LAWSON
Secretary

20 June 2007

WILLAN DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLAN DEVELOPMENTS LIMITED

We have audited the financial statements of Willan Developments Limited for the period ended 31 March 2007, which comprise the profit and loss account, the balance sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) 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 report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements We also report to you if, in our opinion, 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 March 2007 and of the profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester

20 June 2007

WILLAN DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2007

	Notes	Period ended 31 March 2007 £	Period ended 1 April 2006 £
TURNOVER	2	3,894,362	1,244,381
Cost of sales		(3,066,043)	(1,031,749)
GROSS PROFIT		828,319	212,632
Administrative expenses		(233,281)	(250,095)
OPERATING PROFIT/ (LOSS)	3	595,038	(37,463)
Interest receivable and similar income	5	154	4,878
Interest payable and similar charges	6	(86,284)	(34,554)
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		508,908	(67,139)
Tax (charge)/credit on profit/ (loss) on ordinary activities	7	(156,282)	23,247
PROFIT/ (LOSS) FOR THE PERIOD	15	352,626	(43,892)

The company has no recognised gains or losses in the period other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 7 to 13 form part of these financial statements

The above results are derived from continuing operations

WILLAN DEVELOPMENTS LIMITED

BALANCE SHEET AT 31 MARCH 2007

	Notes	31 March 2007		1 April 2006	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		-		-
Investments	9		137,280		137,614
			137,280		137,614
CURRENT ASSETS					
Stocks and work in progress	10	5,640,430		5,674,330	
Debtors	11	423,237		89,408	
Cash at bank		7,700		-	
			6,071,367		5,763,738
CREDITORS - Amounts falling due within one year	12		(4,776,464)		(4,821,795)
NET CURRENT ASSETS			1,294,903		941,943
NET ASSETS			1,432,183		1,079,557
CAPITAL AND RESERVES					
Called up share capital	14		1,000,000		1,000,000
Profit and loss account	15		432,183		79,557
EQUITY SHAREHOLDERS' FUNDS	16		1,432,183		1,079,557

The financial statements on pages 5 to 13 were approved by the board of directors on 20 June 2007 and signed on its behalf by

R P A Willan
Director

The notes on pages 7 to 13 form part of these financial statements

WILLAN DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – PERIOD ENDED 31 MARCH 2007

1 ACCOUNTING POLICIES

(a) Accounting convention

These financial statements are prepared on the going concern basis, under the historical cost convention, the accounting policies set out below and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom

(b) Depreciation

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

Computer equipment	25% straight line

(c) Stocks & work in progress

Land on hand, exchanged 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 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

(d) 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 have 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 no that there will be suitable tax profits from which the future reversal of the timing differences can be deducted Deferred tax balances are not discounted

(e) Leasing

Hire costs in respect of operating leases are charged against profit during the period in which they are incurred

(f) Capitalisation of interest

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

(g) Pensions

Employees

The company contributes to individual group personal pension policies based on defined contributions Further details of pensions 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

NOTES TO THE FINANCIAL STATEMENTS – PERIOD ENDED 31 MARCH 2007 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(g) Pensions - continued

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

(h) Investments

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

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 Contingent consideration is only recognised if its receipt is considered virtually certain

3 OPERATING PROFIT / (LOSS)

	Period ended 31 March 2007 £	Period ended 1 April 2006 £
Operating profit / (loss) is stated after charging		
Auditors' remuneration	5,500	5,500
Operating lease rentals	1,348	13,585

4 DIRECTORS AND EMPLOYEES

	Period ended 31 March 2007 £	Period ended 1 April 2006 £
Directors' remuneration	113,363	113,430

Two directors (2006 two) accrued retirement benefits under a money purchase pension scheme Company contributions to this scheme were £7,703 (2006 £5,966) in the period

Employee costs during the period	Period ended 31 March 2007 £	Period ended 1 April 2006 £
Wages and salaries	123,925	88,539
Social security costs	15,780	15,808
Other pension costs	11,758	8,095
	151,463	112,442
	Number	Number
Average number of employees		
Administration	3	3

NOTES TO THE FINANCIAL STATEMENTS – PERIOD ENDED 31 MARCH 2007 (CONTINUED)

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 31 March 2007 £	Period ended 1 April 2006 £
Bank interest	92	-
Other interest receivable	62	4,878
	154	4,878

6 INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 31 March 2007 £	Period ended 1 April 2006 £
On loans and overdrafts		
Repayable within 5 years	113,032	63,978
Less Interest capitalised to work in progress	(26,748)	(36,582)
Other interest payable	-	7,158
	86,284	34,554

7 TAX ON LOSS ON ORDINARY ACTIVITIES

	Period ended 31 March 2007 £	Period ended 1 April 2006 £
UK Corporation Tax at 30% (2006 30%)		
- current period	153,225	(19,877)
- prior period	-	2,178
Total current tax	153,225	(17,699)
Deferred taxation		
- current period	58	227
- prior period	2,999	(5,775)
Total deferred tax	3,057	(5,548)
Total tax charge / (credit)	156,282	(23,247)

NOTES TO THE FINANCIAL STATEMENTS – PERIOD ENDED 31 MARCH 2007 (CONTINUED)

7 TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

Factors affecting the tax charge for the period

The tax assessed for the period is higher (2006 higher) than the standard rate of corporation tax in the UK (30%) The differences are explained below

	Period ended 31 March 2007 £	Period ended 1 April 2006 £
Profit /(Loss) on ordinary activities before tax	508,908	(67,139)
Loss on ordinary activities multiplied by standard rate of tax in the UK of 30% (2006 30%)	152,672	(20,141)
Expenses not deductible	611	764
Adjustment for small companies rate	-	(273)
Depreciation in excess of capital allowances and other timing differences	(58)	(227)
Adjustment in respect of prior periods	-	2,178
Current tax credit for the period	153,225	(17,699)

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

8 TANGIBLE ASSETS

	Computer Equipment £
COST	
At 1 April 2006 and at 31 March 2007	1,068
ACCUMULATED DEPRECIATION	
At 1 April 2006 and at 31 March 2007	1,068
NET BOOK AMOUNT	
At 1 April 2006 and at 31 March 2007	-

There was no capital expenditure contracted but not accrued as at 31 March 2007 (2006 £nil)

NOTES TO THE FINANCIAL STATEMENTS – PERIOD ENDED 31 MARCH 2007 (CONTINUED)

9 INVESTMENTS

	31 March 2007 £	1 April 2006 £
Equity Shares	137,280	137,614

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

10 STOCKS

	31 March 2007 £	1 April 2006 £
Work In Progress	5,640,430	5,674,330

Included within work in progress is capitalised interest of £56,722 (2006 £35,422)

11 DEBTORS

	31 March 2007 £	1 April 2006 £
Amounts owed by fellow subsidiary undertakings	-	20,999
Other debtors	99,129	43,864
Prepayments and accrued income	321,161	15,600
Corporation tax	-	2,941
Deferred tax (Note 13)	2,947	6,004
	423,237	89,408

12 CREDITORS - Amounts falling due within one year

	31 March 2007 £	1 April 2006 £
Bank overdraft	34,529	1,437,427
Bank loans	2,440,714	2,339,242
Trade creditors	288,750	179,702
Amounts owing to other group undertakings	1,790,385	502,140
Accruals	27,180	30,469
Social security and other taxes	5,999	4,509
Corporation tax	154,347	-
Other creditors (Note 22)	34,560	328,306
	4,776,464	4,821,795

The bank loans are secured on fixed and current assets

NOTES TO THE FINANCIAL STATEMENTS – PERIOD ENDED 31 MARCH 2007 (CONTINUED)

13 PROVISIONS FOR LIABILITIES AND CHARGES – DEFERRED TAX ASSET

	£
At 1 April 2006	(6,004)
Credit to profit and loss account	3,057
At 31 March 2007	(2,947)

	31 March 2007 £	1 April 2006 £
Deferred taxation provided in the accounts comprises		
Excess of depreciation over capital allowances	(2,947)	(6,004)

14 CALLED UP SHARE CAPITAL

	Authorised		Allotted, issued and fully paid	
	2007 £	2006 £	2007 £	2006 £
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 2006	79,557
Retained profit for period	352,626
At 31 March 2007	432,183

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 March 2007 £	1 April 2006 £
Profit/ (Loss) for the period	352,626	(43,892)
Opening shareholders' funds	1,079,557	1,123,449
Closing shareholders' funds	1,432,183	1,079,557

17 CONTINGENT LIABILITIES AND COMMITMENTS

The company has entered into a guarantee to secure the loan for one of the developments with it's immediate parent company

NOTES TO THE FINANCIAL STATEMENTS – PERIOD ENDED 31 MARCH 2007 (CONTINUED)

18 PENSION OBLIGATIONS

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	Period ended 31 March 2007 £	Period ended 1 April 2006 £
Expiring within one year	2,074	475
Expiring between 2 and 5 years	-	4,147
	2,074	4,622

22 RELATED PARTY TRANSACTIONS

Included in other creditors for 2006 is an amount owing to Clos-o-mat Limited, with a value of £300,000 There is nothing outstanding at this period end Interest was payable at 1% over base rate RPA Willan is that company's ultimate controlling party

23 DIVIDENDS

The directors propose a dividend of £88,157 for the period ended 31 March 2007 The dividend will be recommended for formal approval at the Board meeting on 20 June 2007 These financial statements do not reflect this dividend payable, which will be accounted for as an appropriation of retained earnings in the period ending 30 March 2008