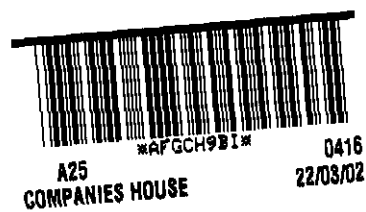


Ward Homes Anglia Limited

Directors' report and financial statements

31 October 2001

Registered Number: 2276750



Ward Homes Anglia Limited

Directors' report and financial statements

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Ward Homes Anglia Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 October 2001.

Principal activities

The principal activity of the company is house building and related activities.

Review of developments and future prospects

Turnover was £14,296,335 based on the sale of 54 units at Castle Village in Berkhamsted, Hertfordshire. The average selling price of their units was £248,000. The company will continue to seek future business opportunities.

Proposed dividend and transfer to reserves

The results for the year are set out in the profit and loss account on page 5. The Directors do not recommend the payment of a dividend (2000: £nil).

The profit for the year transferred to/(from) reserves is £3,053,899 (2000: £38,523 loss).

Directors and directors' interests

The directors who held office during the year were as follows:

P.D. Holliday O.B.E.	
M.R. Lethaby	
J.M. Williams	
N. Hobbs	- resigned 18 th October 2001
F. J Wells	- appointed 6 th December 2001
S. Brown	- appointed 30 th August 2001
J.P Burnell	- appointed 21 st February 2001

None of the directors who held office at the end of the financial year had any disclosable interests in the shares of the company.

Mr P.D. Holliday, Mr M.R. Lethaby and Mr J.M. Williams are directors of the company's ultimate parent company, Ward Homes Group Limited and, accordingly, particulars of their interests in the shares of that company are included in the directors' report of Ward Homes Group Limited.

Ward Homes Anglia Limited

Directors' report *(continued)*

Employees

The company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitude and abilities.

It is the directors' policy to ensure that continued employment is offered to employees who become temporarily or permanently disabled.

The training, career development and promotion of disabled persons employed by the company is an integral part of the personnel policy applicable to all employees.

The company recognises the benefit of keeping employees informed of the progress of the business and of involving them in the company's performance. During the year, information regarding financial and economic factors affecting the performance of the company and other matters of concern to employees was regularly made available.

Auditors

A resolution to reappoint Deloitte & Touche as auditors will be proposed at the forthcoming Annual General Meeting.

By order of the Board



M.R. Lethaby
Secretary

76 February 2002

Ward Homes Anglia Limited

Statement of Directors' Responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Ward Homes Anglia Limited

Report of the independent auditors to the members of Ward Homes Anglia Limited

We have audited the financial statements of Ward Homes Anglia Limited for the year ended 31 October 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. 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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 October 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and

Registered Auditors

Hill House

1 Little New Street

London

EC4A 3TR

27 February 2002

Ward Homes Anglia Limited

Profit and loss account *for the year ended 31 October 2001*

	Note	2001 £	2000 £
Turnover	1	14,296,335	-
Cost of sales		<u>(9,277,567)</u>	<u>(13,056)</u>
Gross profit/(loss)		5,018,768	(13,056)
Administrative expenses		<u>(616,681)</u>	<u>(30,098)</u>
Profit/(loss) before interest and taxation	2-3	4,402,087	(43,154)
Interest payable and similar charges	4	<u>(488,712)</u>	<u>-</u>
Profit/(loss) on ordinary activities before taxation		3,913,375	(43,154)
Tax (charge)/credit on profit/(loss) ordinary activities	5	<u>(859,476)</u>	<u>4,631</u>
Retained Profit/(loss) for the financial year	10	<u>3,053,899</u>	<u>(38,523)</u>

The company has no recognised gains or losses in either 2001 or 2000 other than those reported in the Profit and Loss Account above.

All operations are continuing.

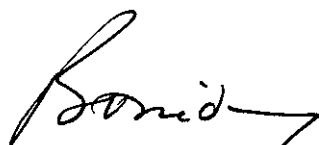
Ward Homes Anglia Limited

Balance Sheet

as at 31 October 2001

	Note	2001	2000
		£	£
Current assets			
Stocks	6	15,924,049	13,373,250
Debtors	7	1,348,604	643,872
Cash in hand		-	65
		<u>17,272,653</u>	<u>14,017,187</u>
Creditors: amount falling due within one year	8	<u>(14,197,276)</u>	<u>(13,995,709)</u>
Net current assets		<u>3,075,377</u>	<u>21,478</u>
Capital and reserves			
Called up share capital	9	842,257	842,257
Profit and loss account		<u>2,233,120</u>	<u>(820,779)</u>
Equity shareholders' funds	10	<u>3,075,377</u>	<u>21,478</u>

These financial statements were approved by the Board of Directors on 26 February 2002 and were signed on its behalf by:



P.D. Holliday O.B.E.

Ward Homes Anglia Limited

Notes to the accounts

Year ended 31 October 2001

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Stocks

Stocks and work in progress are stated at the lower of cost and estimated net realisable value. In respect of work in progress, costs include labour, materials and relevant overheads. Land held for development is valued on a site by site basis at the lower of cost and net realisable value.

Turnover

Turnover represents the amounts receivable on the sale of own constructed houses and land. All turnover arose within the United Kingdom. Credit is taken for profit on house sales on the date at which the legal title to the property is transferred

Ward Homes Anglia Limited

Notes to the accounts *(continued)*

Year ended 31 October 2001

2. Remuneration of Directors and Auditors

	2001 £	2000 £
Directors' emoluments:	<u>76,530</u>	<u>29,073</u>

The emoluments, excluding pension contributions, of the highest paid director were borne by other group companies in both the current and preceding year. The number of directors for whom benefits are accruing under defined contribution schemes is nil (2000: nil).

The pension contributions of the highest paid director were £nil (2000 : £nil)

Other directors' emoluments and auditors' remuneration have been borne by other group companies in both the current and preceding year.

3. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2001	2000
Management	2	1
Administration	1	2
Production and sales	<u>8</u>	<u>1</u>
	<u>11</u>	<u>4</u>

The aggregate payroll costs of these persons were as follows:

	2001 £	2000 £
Wages and salaries	334,553	76,958
Social Security costs	<u>34,137</u>	<u>8,323</u>
	<u>368,690</u>	<u>85,281</u>

4. Interest payable and similar charges

	2001 £	2000 £
On inter-company borrowings	<u>488,712</u>	<u>-</u>

Ward Homes Anglia Limited

Notes to the accounts *(continued)*

Year ended 31 October 2001

5. Tax charge/(credit) on profit/(loss) on ordinary activities

	2001 £	2000 £
UK Corporation Tax at 30% (2000: 30%)	859,476	(12,682)
Adjustment in respect of prior years	-	8,051
	<u>859,476</u>	<u>(4,631)</u>

6. Stocks

	2001 £	2000 £
Land	9,400,765	7,376,260
Work in progress	6,523,284	5,986,916
Raw materials	-	10,074
	<u>15,924,049</u>	<u>13,373,250</u>

7. Debtors

	2001 £	2000 £
Amounts owed by group undertakings	1,348,604	636,023
Other debtors	-	7,849
	<u>1,348,604</u>	<u>643,872</u>

8. Creditors: amounts falling due within one year

	2001 £	2000 £
Bank overdraft	1,238,608	-
Trade creditors	251,096	90,755
Amounts owed to group undertakings	11,294,841	12,339,338
Taxation	563,868	31,000
Accruals and deferred income	848,863	1,534,616
	<u>14,197,276</u>	<u>13,995,709</u>

Ward Homes Anglia Limited

Notes to the accounts *(continued)*

Year ended 31 October 2001

9. Share Capital

	2001 £	2000 £
<i>Authorised:</i>		
842,258 Ordinary shares of £1 each (2000 : 842,258 ordinary shares)	842,258	842,258
<i>Allotted, called up and fully paid:</i>		
842,257 Ordinary shares of £1 each (2000 : 842,257 ordinary shares)	842,257	842,257

10. Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit/loss for the financial year	3,053,899	(38,523)
Issue of ordinary share capital	-	842,158
Opening shareholders' funds/(deficit)	21,478	(782,157)
Closing shareholders' funds	3,075,377	21,478

11. Contingent liabilities

The company is party to a multilateral guarantee secured by fixed and floating charges in respect of amounts due on bank loans and overdrafts by Ward Homes Group Limited and its subsidiaries up to a maximum of £44.1m of which £34.4m was outstanding as at 31 October 2001.

12. Ultimate Parent Company

The company is a subsidiary undertaking of Castle Village Limited. Its ultimate parent is Ward Homes Group Limited, registered in England and Wales, for which group financial statements are drawn up and of which the company is a member. The ultimate controlling parties are the Phildrew Ventures Fifth Fund LP, the Phildrew Ventures Fifth Fund B LP and Phildrew 2000 LP, who, in aggregate control over 50% of the voting rights of Ward Homes Group Limited.

Copies of the group financial statements can be obtained from 2 Ash Tree Lane, Chatham, Kent.

13. Statement on Related Party Transactions

The company is exempt from the requirements of the Financial Reporting Standard 8 ("Related Party Disclosures") insofar as it refers to transactions with fellow group companies, as it is a wholly-owned subsidiary of Ward Homes Group Limited.