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REGISTERED NUMBER: 2979041

ARTISAN (UK) DEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

Spokes & Company
Chartered Accountants
Hilden Park House
79 Tonbridge Road
Hildenborough
Tonbridge
TN11 9BH

ARTISAN (UK) DEVELOPMENTS LIMITED

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For The Year Ended 31 March 2002

ARTISAN (UK) DEVELOPMENTS LIMITED

COMPANY INFORMATION
For The Year Ended 31 March 2002

DIRECTORS:	MJ Eyres M Freeman Artisan (UK) plc R J Railton J R Shaw
SECRETARY:	Artisan (UK) plc
REGISTERED OFFICE:	Dean House Sovereign Court Ermine Business Park Huntingdon Cambridgeshire PE29 6XU
REGISTERED NUMBER:	2979041
AUDITORS:	Spokes & Company Chartered Accountants Hilden Park House 79 Tonbridge Road Hildenborough Tonbridge TN11 9BH
BANKERS:	Bank of Scotland 14 Friar Lane Leicester LE1 5RA

The directors present their report with the financial statements of the company for the year ended 31 March 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a property development company. There has been no change in this activity during the course of the year.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The profit on ordinary activities after taxation was £870,834 (2001: £1,127,389).

DIVIDENDS

A dividend of £1,500,000 has been proposed for the year (2001: £800,000).

DIRECTORS

The directors during the year under review were:

M J Eyres
M Freeman
Artisan (UK) plc
A Wilson - resigned 31.3.02
R J Railton
A C Brookes - appointed 27.7.01, resigned 23.4.02

The beneficial interests of the directors holding office on 31 March 2002 in the issued share capital of the company were as follows:

	31.3.02	1.4.01 or date of appointment if later
Ordinary £1 shares		
M J Eyres	-	-
M Freeman	-	-
Artisan (UK) plc	800,000	-
A Wilson	-	-
R J Railton	-	-
A C Brookes	-	-

The interests of M Freeman and A C Brookes who were also directors of the parent undertaking, in the shares of Artisan (UK) plc are disclosed in that company's accounts.

COMPANY'S POLICY ON PAYMENT OF CREDITORS

The Directors are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is company policy that payments to suppliers are made in accordance with those terms, provided that suppliers also comply with all relevant terms and conditions. Creditor days have been calculated to be 18 days (2001: 32 days).

ARTISAN (UK) DEVELOPMENTS LIMITED

INTRODUCTION OF THE EURO

The Directors have considered the introduction of the euro and do not anticipate any directly attributable impact on the Company's business or expect to incur any significant costs as a result of that introduction.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 and of the profit or loss of the company 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;
- 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 keeping 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 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

The auditors, Spokes & Company, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

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BY ORDER OF THE BOARD
Artisan (UK) plc - Secretary

Dated: 29 July 2002

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF ARTISAN (UK) DEVELOPMENTS LIMITED

We have audited the financial statements of Artisan (UK) Developments Ltd for the year ended 31 March 2002 which comprise the Profit and Loss Account, the Balance sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors
As described in the statement of Director's Responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you if, in our opinion, the Report of the Directors 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 Report of the Directors 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 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 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Spokes & Company
Chartered Accountants and Registered Auditors
Hilden Park House
79 Tonbridge Road
Hildenborough
Tonbridge
TN11 9BH

Spokes & Company

Dated: 29 July 2002

ARTISAN (UK) DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT
For The Year Ended 31 March 2002

	Notes	2002 £	2001 £
TURNOVER		**7,905,031**	11,541,368
Cost of sales		**5,597,923**	8,713,312
GROSS PROFIT		**2,307,108**	2,828,056
Administrative expenses		**654,500**	703,279
		1,652,608	2,124,777
Other operating income		**686**	-
OPERATING PROFIT	3	**1,653,294**	2,124,777
Interest receivable		**4,989**	-
Interest payable and similar charges	4	**396,203**	474,722
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**1,262,080**	1,650,055
Tax on profit on ordinary activities	5	**391,246**	522,666
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		**870,834**	1,127,389
Dividends	6	**(1,500,000)**	(800,000)
RETAINED PROFIT FOR THE YEAR		**(629,166)**	£327,389

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

ARTISAN (UK) DEVELOPMENTS LIMITED

BALANCE SHEET
31 March 2002

	Notes	2002 £	2002 £	2001 £	2001 £
FIXED ASSETS:					
Tangible assets	7		**50,011**		32,009
CURRENT ASSETS:					
Stocks	8	**11,129,085**		7,185,648	
Debtors	9	**3,390,154**		5,802,675	
Cash in hand		**64**		195	
		14,519,303		12,988,518	
CREDITORS:					
Amounts falling due within one year	10	**12,597,368**		10,832,901	
NET CURRENT ASSETS:			**1,921,935**		2,155,617
TOTAL ASSETS LESS CURRENT LIABILITIES:			**1,971,946**		2,187,626
CREDITORS:					
Amounts falling due after more than one year	11		**808,486**		395,000
			1,163,460		1,792,626
CAPITAL AND RESERVES:					
Called up share capital	14		**800,000**		800,000
Profit and loss account	15		**363,460**		992,626
SHAREHOLDERS' FUNDS:	18		**1,163,460**		1,792,626

ON BEHALF OF THE BOARD:

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M Freeman - Director

Approved by the Board on 29 July 2002.

The notes form part of these financial statements

1. ACCOUNTING POLICIES

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

Cashflow statement
The company has taken advantage of the exemption not to prepare a cashflow statement on the basis that a consolidated cashflow statement is published in the parent company's consolidated financial statements.

Turnover
Turnover represents the value of work done for and properties sold, excluding VAT. Profit is recognised on long term work in progress contracts if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract. Turnover arises solely in the UK. In respect of sales of property, turnover is recognised when the sale becomes unconditional.

Tangible fixed assets
Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures & fittings	- 25% on cost
Motor vehicles	- 25% on cost
Office equipment	- 25% on cost

Stock and work in progress
Stocks and work in progress are valued at the lower of cost including relevant overheads and net realisable value. Work in progress includes materials, labour and an appropriate proportion of relevant overheads costs incurred on incompleted contracts and developments at the year end. Profit is recognised on long term contracts as noted above.

Taxation
The charge for taxation is based on the profit for the year and takes into account deferred taxation. Provision is made for material deferred taxation.

Hire purchase and leasing commitments
Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions
The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account. The cost for the year is shown in note 2 to the accounts.

2. STAFF COSTS

	2002	2001
	£	£
Wages and salaries	**459,641**	537,049
Social security costs	**45,321**	55,244
Other pension costs	**22,836**	14,994
	527,798	607,287

2. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	2002	2001
Administration	5	7
Operations	10	15
	15	22

3. OPERATING PROFIT

The operating profit is stated after charging:

	2002	2001
	£	£
Hire of plant and machinery	6,276	4,295
Depreciation - owned assets	16,181	8,850
Other operating leases	44,061	40,856
Auditors remuneration	15,000	12,000

Directors' emoluments	171,000	116,881
Directors' pension contributions to money purchase schemes	16,375	7,656

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	3	1

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
Bank interest	328,303	398,625
Other interest	9,498	-
Hire purchase	686	901
Inter Group Interest	57,716	75,196
	396,203	474,722

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2002 £	2001 £
Current tax:		
UK corporation tax	254,427	501,446
Under-provision in Prior Year	5,306	21,220
Group Relief	131,513	-
Total current tax	391,246	522,666
Tax on profit on ordinary activities	391,246	522,666

6. DIVIDENDS

	2002 £	2001 £
Equity shares:		
Proposed	1,500,000	800,000

7. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures & fittings £	Motor vehicles £	Office equipment £	Totals £
COST:					
At 1 April 2001	-	12,285	11,353	33,082	56,720
Additions	-	-	13,990	1,301	15,291
Intergroup transfers	25,805	-	1,297	15,781	42,883
At 31 March 2002	25,805	12,285	26,640	50,164	114,894
DEPRECIATION:					
At 1 April 2001	-	12,285	2,838	9,588	24,711
Charge for year	3,921	-	3,477	8,783	16,181
Intergroup transfers	11,360	-	3,520	9,111	23,991
At 31 March 2002	15,281	12,285	9,835	27,482	64,883
NET BOOK VALUE:					
At 31 March 2002	10,524	-	16,805	22,682	50,011
At 31 March 2001	-	-	8,515	23,494	32,009

Included in motor vehicles are assets with a net book value of £6,386 (2001: £8,515) held under hire purchase agreements. Depreciation of £2,129 (2001: £2,838) has been charged on assets held under hire purchase agreements.

8. STOCKS

	2002	2001
	£	£
Work-in-progress	**11,129,085**	7,185,648

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Trade debtors	**356,498**	383,605
Amounts owed by group undertakings	**126,900**	49,251
Amounts recoverable on contract	**1,943,296**	1,005,367
Other debtors	**957,311**	4,316,112
Prepayments and accrued income	**6,149**	48,340
	3,390,154	5,802,675

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Bank loans and overdrafts (see note 12)	**5,543,393**	4,830,121
Hire purchase contracts (see note 13)	**2,434**	8,354
Trade creditors	**368,787**	762,765
Taxation	**1,805,613**	792,081
Social security and other taxes	**126,245**	24,192
Proposed dividends	**1,500,000**	800,000
Other creditors	**666,476**	1,131,079
Amounts owed to group undertakings	**783,529**	1,013,435
Accruals and deferred income	**1,800,891**	1,470,874
	12,597,368	10,832,901

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002	2001
	£	£
Hire purchase contracts (see note 13)	**3,486**	-
Trade creditors	**805,000**	395,000
	808,486	395,000

12. LOANS

An analysis of the maturity of loans is given below:

	2002	2001
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	**5,543,393**	4,830,121

12. **LOANS - continued**

The bank overdraft is secured by an all monies debenture over all the assets of the company incorporating fixed and floating charges. Set-off is available to the bank between the company and Artisan (UK) plc and its group company members by virtue of the bank holding a debenture from each company together with a cross corporate guarantee.

13. **OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

Leased assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments are charged to the profit and loss account over the term of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Amounts due in respect of other operating leases:

	2002	2001
	£	£
Expiring within one year	**15,713**	35,806
Expiring within two to five years	**4,554**	22,887
	20,267	58,693

14. **CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	**2002** £	2001 £
800,000	Ordinary Shares	£1	**800,000**	800,000

15. **RESERVES**

	Profit and loss account £
At 1 April 2001	**992,626**
Retained loss for the year	**(629,166)**
At 31 March 2002	**363,460**

16. **ULTIMATE PARENT COMPANY**

The Directors regards Artisan (UK) plc, a company registered in England and Wales, as the ultimate parent company. Exemption is taken of related party disclosure in respect of group transactions on the grounds that details of Artisan (UK) Developments Limited are included in the consolidated accounts of Artisan (UK) plc. Copies of their accounts are available from the registered office.

17. **RELATED PARTY DISCLOSURES**

Exemption is taken of related party disclosures in respect of group transactions on the basis that details of Artisan (UK) Developments Limited are included in the consolidated accounts of Artisan (UK) plc. Copies of the Artisan (UK) plc Accounts can be obtained from Dean House, Sovereign Court, Ermine Business Park, Huntingdon, Cambridgeshire PE29 6XU.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the financial year	870,834	1,127,389
Dividends	(1,500,000)	(800,000)
Net (deduction)/addition to shareholders' funds	(629,166)	327,389
Opening shareholders' funds	1,792,626	1,465,237
Closing shareholders' funds	1,163,460	1,792,626
Equity interests	1,163,460	1,792,626

19. CONTINGENT LIABILITIES

	2002	2001
Performance bonds in the normal course of business	241,357	412,485

A cross corporate guarantee held by the bank in favour of Artisan (UK) plc and its group company members has been given by the company for all monies owing.

This page does not form part of the statutory financial statements