

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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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

ARTISAN (UK) DEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS For The Year Ended 31 March 2002

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

REPORT OF THE DIRECTORS **For The Year Ended 31 March 2002**

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

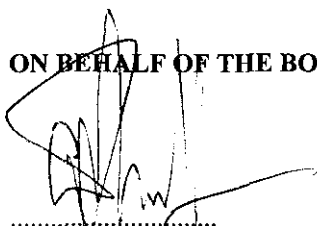
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

ARTISAN (UK) DEVELOPMENTS LIMITED

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.

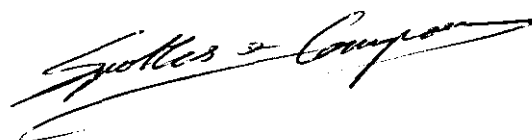
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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

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

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

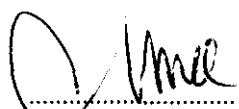
ARTISAN (UK) DEVELOPMENTS LIMITED

BALANCE SHEET

31 March 2002

	Notes	2002 £	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:



M. Freeman - Director

Approved by the Board on 29 July 2002.

The notes form part of these financial statements

ARTISAN (UK) DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 2002

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 incompleting 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
	<u>527,798</u>	<u>607,287</u>

ARTISAN (UK) DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 2002

2. STAFF COSTS - continued

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

	2002	2001
Administration	5	7
Operations	10	15
	<u>15</u>	<u>22</u>

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	<u>15,000</u>	<u>12,000</u>
Directors' emoluments	171,000	116,881
Directors' pension contributions to money purchase schemes	<u>16,375</u>	<u>7,656</u>

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

Money purchase schemes	<u>3</u>	<u>1</u>
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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	<u>57,716</u>	<u>75,196</u>
	<u>396,203</u>	<u>474,722</u>

ARTISAN (UK) DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 2002

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	<u>5,306</u>	<u>21,220</u>
Group Relief	<u>131,513</u>	-
Total current tax	<u>391,246</u>	<u>522,666</u>
Tax on profit on ordinary activities	<u>391,246</u>	<u>522,666</u>

6. DIVIDENDS

	2002 £	2001 £
Equity shares: Proposed	<u>1,500,000</u>	<u>800,000</u>

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	<u>25,805</u>	<u>-</u>	<u>1,297</u>	<u>15,781</u>	<u>42,883</u>
At 31 March 2002	<u>25,805</u>	<u>12,285</u>	<u>26,640</u>	<u>50,164</u>	<u>114,894</u>
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	<u>11,360</u>	<u>-</u>	<u>3,520</u>	<u>9,111</u>	<u>23,991</u>
At 31 March 2002	<u>15,281</u>	<u>12,285</u>	<u>9,835</u>	<u>27,482</u>	<u>64,883</u>
NET BOOK VALUE:					
At 31 March 2002	<u>10,524</u>	<u>-</u>	<u>16,805</u>	<u>22,682</u>	<u>50,011</u>
At 31 March 2001	<u>-</u>	<u>-</u>	<u>8,515</u>	<u>23,494</u>	<u>32,009</u>

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.

ARTISAN (UK) DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 2002

8. STOCKS

	2002 £	2001 £
Work-in-progress	<u>11,129,085</u>	<u>7,185,648</u>

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	<u>6,149</u>	<u>48,340</u>
	<u>3,390,154</u>	<u>5,802,675</u>

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	<u>1,800,891</u>	<u>1,470,874</u>
	<u>12,597,368</u>	<u>10,832,901</u>

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

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

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	<u>5,543,393</u>	<u>4,830,121</u>

ARTISAN (UK) DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 2002

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	<u>4,554</u>	<u>22,887</u>
	<u>20,267</u>	<u>58,693</u>

14. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2002	2001
			£	£
800,000	Ordinary Shares	£1	<u>800,000</u>	<u>800,000</u>

15. RESERVES

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

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.

ARTISAN (UK) DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 2002

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

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

19. CONTINGENT LIABILITIES

	2002	2001
Performance bonds in the normal course of business	<u>241,357</u>	<u>412,485</u>

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.