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The Wilson Way

Wilson Bowden plc Annual Report and Accounts 2001

Front Cover
Our five bedroom "Constable" house type, with its grand exterior is graced with an equally opulent interior. A floor to ceiling glazed wall provides an open view to the garden from the dining room, which adds to the stylish individuality expected from a home of this calibre.

Back Cover
Chalfont Park, near Gerrards Cross, is a 120,000 sq. ft. prestige office campus, with excellent access to the M40 and M25 motorways. State of the art office accommodation is set in an historic setting amidst outstanding landscaping, which merges with mature parkland to provide an unparalleled working environment.

Contents

Report and accounts

Wilson Bowden plc is one of the UK's leading housebuilders and property developers.

The housebuilding operation spans 36 counties across England and Wales and together with our Scottish division trades under the name of David Wilson Homes.

The property development division, Wilson Bowden Developments, is involved in projects throughout Great Britain.

During the year, the Group completed over 3,900 homes and almost 1.2m square feet of industrial, retail, leisure, and office developments.

Corporate and financial highlights

Housebuilding operating profit lifted 22.7% to £127.0m
Housebuilding margin increased by 1.4% to 19.6%
Average selling price increased by £7.7k to £165.5k
Housebuilding ROCE raised to 26.8%
Property development operating profit raised to £24.4m
Group profit before tax up 15.3% to £139.2m
Dividend increased by 12.6% to 22.3p

Continuing operations in the UK	2001	2000
Housebuilding completions	3,908	3,604
Group turnover	£789.5m	£726.8m
Operating profit		
Housebuilding	£127.0m	£103.5m
Property development	£24.4m	£24.2m
Interest payable (net)	(£12.2m)	(£7.0m)
Interest cover	12.4x	18.2x
Group profit before taxation	£139.2m	£120.7m
Earnings per share – basic	104.0p	91.3p
Earnings per share – diluted	103.4p	91.3p
Dividend per share	22.3p	19.8p
Shareholders' funds		
Total	£548.5m	£471.9m
Per equity share	585p	504p
Net borrowings	£136.3m	£86.3m

Housebuilding completions
A strong growth in volume enabled completions to rise to 3,908 units, an increase of 8.4% over the previous year. Changes in product mix were reflected in the sale of 807 apartments, which represented 21% of total sales. Completions for the last five years achieved a compound growth rate of almost 10% per annum.

Property Developments operating profit
Property Developments operating profit for the year was £24.4m, marginally ahead of 2000's result of £24.2m. The compound five year growth rate for operating profit stands at over 20% per annum.

Housebuilding operating margin (excluding exceptional item)
Operating margins rose by 1.4% to 19.6%. Over the last five years operating margins have grown steadily and continue to rank among the best in the industry.

Group profit before tax
An increase of 15.3% lifted the Group's profit before tax to £139.2m. Since 1995, we have achieved a compound growth rate of almost 30% per annum.

Housebuilding operating profit (excluding exceptional item)
Housebuilding operating profit for the year increased by 22.7% to £127.0m. Over the past five years operating profits have grown at a compound rate of almost 30% per annum, excluding the exceptional item.

Dividend
The dividend will increase by 2.5p per share, a rise of 12.6%, to a record level of 22.3p per share. Over the last five years, the compound dividend growth rate will have been 15.2% per annum.

Our Company today

Wilson Bowden plc is the parent of a group of companies involved in housebuilding, property development and construction, land procurement and planning, engineering design and plant hire. The Group also has an in-house mechanical services division, which provides services for the housebuilding and property development activities. Prefabricated building components, together with bedroom and study furniture are manufactured by the Group's own joinery business.

David Wilson Homes Limited
operates through three geographic divisions which are managed by Divisional Chairmen who, through the Operations Director, are responsible to the Chief Executive of David Wilson Homes. The divisions are subdivided into regional operating units, each with their own management structure.

David Wilson Homes operates largely at the upper end of the housing market with around 56% of its product being 4, 5, or even 6 bedroom homes. As well as the trademark larger properties, the company has developed a broad portfolio, including smaller and more diverse designs to meet the evolving expectations of purchasers and planners alike. This is reflected in the increased demand for apartments, which now account for 21% of the company's total sales.

The Group has an extensive land bank of around 13,500 plots owned or controlled with planning, a significant proportion of which are sourced through options.

Wilson Bowden Developments Limited
is involved in commercial property development in the retail, leisure, office, and industrial sectors of the market. The company's output is developed for immediate onward sale to occupiers or investors and the company does not presently hold a property investment portfolio. The company also has an in-house construction operation which manages over 50% of Developments' building activities. This allows us to pay greater attention to customer requirements as well as providing additional flexibility. The company operates on the land bank principle and has extensive land holdings for future development in various parts of the country.

Wilson Bowden Developments is also involved in several joint ventures with other developers, local authorities and landowners. The company is acknowledged as being a leader in the successful remediation and development of pre-used sites.

Wilson Bowden City Homes
addresses the increasing demands of customers and planners for city centre living and apartment style homes. Combining the homebuilding flair of David Wilson Homes with the construction skills of Wilson Bowden Developments, the division specialises in more complex structures and mixed use schemes. The division's results are currently combined with those for housebuilding.

Another excellent set of results in 2001 saw Group profit before tax rise to £139.2m.

David Wilson
Group Chairman and Chief Executive

Despite the difficulties created by last year's unsettled economic conditions, exacerbated by world events, Wilson Bowden has achieved a sixth successive year of record profits. The Group's commitment to deliver shareholder value through organic growth is amply demonstrated by compound pre-tax profit growth of almost 30% per annum over the last six years.

Group Results for the Year
Another excellent set of results in 2001 saw Group profit before tax rise to £139.2m. This is a rise of 15.3% against the previous year and was achieved on Group turnover 8.6% higher at £789.5m. Earnings per share rose by 13.9% to 104.0p in the year, to give compound EPS growth over the last six years of 30.5% per annum.

Return on capital for the Group was a healthy 24.4%, albeit slightly below the 2000 figure due mainly to the significant ongoing investment in work in progress undertaken during the year.

Housebuilding
2001 saw excellent volume growth in David Wilson Homes, with unit completions up 8.4% at 3,908. Selling prices also rose, by 4.9% on average, despite the change in product mix brought about by an increase in the proportion of apartment completions, which realise lower average prices. Overall, housing turnover increased by 13.7% to £646.7m, producing operating profits 22.7% higher at £127.0m. Operating profit margins in our housing business rose by 1.4% to 19.6%.

Property Development
Wilson Bowden Developments also turned in a strong performance in a somewhat weaker market. On slightly lower turnover of £142.8m, operating profit was marginally up at £24.4m, giving an improved

margin of 17.1%. Given that this part of our business clearly felt the impact of worsening economic conditions, the result achieved is all the more creditable, and re-emphasises the importance of diversity of product and wide spread of locations across the UK.

WB City Homes

The results of our inner city apartment business, WB City Homes, are included within the housing figures and included 200 completions at Nottingham Ropewalk and Sheffield Riverside.

Dividend

The Board is recommending a final dividend of 16.8p per share (2000: 14.8p), an increase of 13.5%. Taken together with the previously announced interim dividend of 5.5p paid in November, this makes a total for the year of 22.3p, an increase of 12.6%, covered 4.7 times (2000: 4.6 times). Since the Company was floated in 1987 there has never been a reduction in dividend, and over the last six years the dividend has grown at a compound rate of 14.2% per annum, once more demonstrating the consistency and quality of our financial performance.

Balance Sheet and Financing

Shareholders' funds increased by 16.2% during the year, to £548.5m. Net assets per share at 585p per share (2000: 504p) have risen at a compound rate of 13.3% per annum over the last six years. Net borrowings increased by £50.0m in the year to £136.3m as a result of continuing investment in land and work in progress. Gearing at the year end was 24.8% (2000: 18.3%). This represents an ongoing feature of laying down the basis of expansion for the future, coupled with the longer time taken to achieve site starts as a result of the slowdown in the planning process.

Strategy and Trading

Last year I outlined our key strategic aim as being the enhancement of shareholder value through continued profit growth, derived mainly from geographic expansion of our operations, diversification of our product range, and capitalising fully on our mixed use capabilities through combining our housebuilding and property development skills in inner city locations. While we do not ignore opportunities for local or strategic acquisition, I continue to believe that our main efforts should be concentrated on growing the business organically. We are well positioned to take full advantage of the market whenever it runs in our favour, and to maximise the margins, returns, and quality of profits for which the company is rightly respected.

I have always felt that for a business such as ours, the optimum trading level for a housing region is between 500 and 600 completions per year. Beyond that managing the detail and quality of margin becomes more difficult. For reasons of land supply, regional market variations, the demands on our financial resources, and the complexities of managing change, it is not practical to expect all our twelve regions to run at that level all the time. We do, however, clearly have available the opportunity to grow the business significantly further within our existing operational area by organic means, as well as having the option to expand further into other parts of the country.

In 2001 we continued to work steadily towards that objective by increasing the number of sites on which we operated in our existing regions to an average of 126 (2000: 117) and that effort will be extended further in 2002. We also continued to invest in additions to our housing land bank as a means of ensuring further opportunities for expansion in the future.

I continue to believe that our main efforts should be concentrated on growing the business organically.

I have never seen volume growth as an end in itself, to be achieved at any cost, and for that reason, while we will continue our policy of growing the business, we will do so at a rate whereby we are able to manage the attention to detail and quality of margin which are so crucial to us, and which are the very foundation of the Company's excellent track record and reputation.

During the year we also saw the results of a significant change in our product mix, with 21% of our housing completions attributable to apartments on our existing traditional sites, dedicated suburban apartment sites, and inner city mixed use sites. We also successfully redesigned our core housing range for use on sites where planning guidance under PPG3 affects the style and density of design. That both these achievements were accomplished without damage to our margins in 2001, demonstrates the Company's flexibility and ability to cope with the change necessary to move the business forward further in the future.

Our mixed use sites, and in particular City Homes, suffered during the year from the now lengthy planning processes, but we did eventually achieve satisfactory permissions for 121 units at Nottingham Lace Market and around 400 units at Southampton Marina. These two sites are now in build with first completions due late in 2002. We are also continuing with construction at Sheffield Riverside. While it is possible that demand for inner city living could be reaching saturation point in some areas, there is still considerable opportunity in this field for further development for some time to come, as long as we do what we have done so successfully in the past and concentrate on the old adage of "location, location, location".

Wilson Bowden Developments found 2001 a more difficult year, with institutional investor demand weakening in the spring as a result of falls in the value of the equity portion of investors' portfolios and, while some of the property investment funds returned to the market in the autumn, the occupier market was by then showing signs of the impact of the economic downturn. It is therefore a tribute to the business that, as a result of the strategy of geographic expansion and diversification of activity carried out in recent years, we were able to deliver a slightly improved operating profit, notwithstanding that we implemented the decision to defer the final sale of our "West One" Manchester shopping development, as signalled in October.

Prospects

David Wilson Homes' objective remains to continue to grow the business by maximising the return from our existing resources. If the current market sentiment continues then 2002 should see a further year of progress.

We have, in our ownership and with detailed planning, a greater proportion of the plots required to achieve our 2002 sales budget than in any previous year. We also have our 2002 designs for traditional sites, PPG3 compliant sites, and apartments, already in place and in build, and are constructing our new concept range of homes for future general sales release. We have, in addition, seen a strong start to the year in terms of new reservations.

As always, however, we have to maintain an ability to react to changing market conditions, such as would arise if the general economy does not return to higher growth levels in 2002, or an upward movement in interest rates. For that reason we accept that the rate of expansion of the business which is achievable is very much at the mercy of the markets and we will, as ever, maintain a close watch over costs and cash flow. It has to be said, however, that it would take a significant change in interest rates to have a material adverse effect on the affordability of housing in the UK.

Wilson Bowden Developments is far more dependent for its success on the economic health of the manufacturing and service sectors of the UK economy. We have already coped with a reduction in activity and an easing of yields in many of our markets during 2001. For the moment I can see no rapid reversal of that situation, although parts of the country are still performing strongly and our wide spread of sites enables us to seize every opportunity. I believe therefore that in the coming year the objective of our Property Development Business has to be to try to maintain, and if possible improve, profitability levels, at the same time as working hard to lock in every opportunity to enable expansion in the future.

Management, Staff and Suppliers

During 2001 we saw two significant departures from the ranks of our main board directors. Professor Sir Roland Smith retired as a Non-Executive Director on his 73rd birthday in October 2001, having given us the benefit of his invaluable insight and advice for over fifteen years. Tony Greasley retired from his role as Executive Director on 31st December 2001 after many years loyal service and I am delighted that he has felt able to continue his association with the Group as a Non-Executive Director from that date.

Results such as I have outlined above cannot be achieved without a vast amount of effort from a wide range of people and organisations. I am happy to pay tribute to all our management, staff, and suppliers for their unstinting efforts during the year. It is particularly pleasing to see the continuing development of our relationships with external suppliers, subcontractors, and advisors, which is enhancing our product, our processes, and in particular the environment in which we work and live.

The Environment

Finally, the environment itself has for some time been an increasingly important issue for all of us and Wilson Bowden is no exception. By the very nature of our business we undoubtedly have a significant impact on the world around us and this is a responsibility we take very seriously.

I would therefore draw your attention to the separate Environmental Report at page 26 of this document where we have set out in some detail our approach to the issue and the actions we are taking.

David Wilson
Group Chairman and Chief Executive
26th February 2002

High levels of consumer confidence and low interest rates combined to produce a buoyant market place for new, high quality homes.

HOUSEBUILDING

An 8.4% increase in completions, 22.7% increase in operating profit, and a 1.4% improvement in an already excellent level of operating margin, achieved against the background of concerns over the economy, demonstrate quite clearly the strengths of our housebuilding business and the successful implementation of its growth strategy.

Results for the Year

David Wilson Homes turnover for the year was up 13.7% at £646.7m. This increase came from an 8.4% increase in completions to 3,908 (2000: 3,604), coupled with an increase in average selling price per unit of 4.9% to £165.5k. The operating profit was up 22.7% at £127.0m (2000: £103.5m) giving an operating margin of 19.6% (2000: 18.2%). This margin is among the best in the industry. Return on average capital employed improved marginally to 26.8% (2000: 26.6%) despite continued significant investment in land and work in progress.

The Market

2001 saw a market in which normal commercial logic was, to a large extent, overturned. The expected effects of a worsening economic situation in the UK, and beyond were offset by stronger than forecast consumer confidence, bolstered by regular falls in interest rates. Even the tragic events of September 11th produced no more than a pause in demand, followed in late October and November by a much stronger market. The September pause in sales did impact on our forward sales position somewhat, but the new year has seen a continuation of the stronger market. The only other discernible effect of external factors was a distinct slowing down in price rises from around July.

As a result, the two halves of 2001 were very similar in financial terms, with a second half increase in turnover of 14.4% (Half 1: 12.8%) to £364.7m. Completions in the second half were up 8.8% (Half 1: 8.1%) at 2,099, and average selling price rose by 5.1% (Half 1: 4.4%) to £173.7k. Operating profit rose by 23.9% (Half 1: 21.1%) to £73.1m, giving a second half margin of 20.0% compared to 19.1% in the first half.

One significant change during 2001 was in our mix of product. Whereas in 2000, 9% of our completions came from apartments, the move to higher densities and inner city development, driven both by market demand and planning guidance, meant that apartments accounted for 21% of our 2001 completions.

Our average unit selling prices in 2001 rose by 4.9% but this figure was affected by the change in product mix. The true underlying sales price increase across our business in the year was around 8.3% and the increase in unit size was 3.6% on core housing and 5.0% on apartments.

City Homes

Wilson Bowden City Homes achieved 200 completions during 2001 at our sites at Nottingham Ropewalk and Sheffield Riverside. A mixture of bulk sales in advance of build completion, coupled with speculative development have produced returns which are excellent in terms both of margin on sale and return on capital. We shall continue to develop City Homes, to increase our representation on inner city brownfield sites and to facilitate mixed use developments.

Our major new project is at Southampton Marina where, after three years, planning permission has now been obtained for around 400 quality apartments plus an element of leisure and retail development. Build at the 121 unit Lace Market mixed use project in Nottingham has also commenced.

01 There are few new homes developments which enjoy a more picturesque location than Stretton Hall, which is set within 300 acres of historic parkland that once belonged to its namesake stately home. These high quality four and five bedroom homes demonstrate our ability to create distinctive and desirable homes in beautiful surroundings.

02 "We took one look at a David Wilson Homes show house and were bowled over. The quality of the build and the detail of the features that came as standard really impressed us. Our dream home is a 'Cricklade', with five bedrooms and a double garage. The design of the home gives us so much more space, with generously sized bedrooms for the children, giving them enough room to do their homework and play." **Mr and Mrs Mason and family, purchasers at Kingston Manor.**

03 Constantly monitoring customer opinion enables us to provide the choice of interior styling and finishings the market demands. The laminate flooring available in this five bedroom "Cornwall" design clearly illustrates how we are able to respond to changing fashions.

04 This three storey, highly fashionable design boasts a number of interesting architectural features. The fascias are particularly striking, with wrought iron balconies adding a finishing touch, which is very much appreciated by customers looking for that little something extra.

In 2001 we produced a complete new range of designs in response to the planning guidelines of PPG3.

Land and Planning
We continued to invest strongly in land throughout 2001 to ensure capacity for the future growth of the business and also to help offset the impact of the lengthening planning process. Our total net housing land spend in 2001 was £234m (2000: £168m), and as a result our land bank at the year end totalled almost 13,500 plots owned or controlled with detailed planning permission, thus maintaining our land bank at 3.5 years.

We continue to maintain our policy of continual improvement of our land bank by seeking sites in more desirable locations and more desirable parts of the country. Inevitably this does come at a price, with increased funds being applied to what we see as an absolute necessity for our business.

As a result of our increased investment in land we have succeeded in partially offsetting the impact and cost of the increased time taken to obtain a workable planning permission. This has put us in our best position ever in terms of mitigating planning delays to assist in meeting the coming year's sales targets. It is this strategy, coupled with increasing efforts to work with planners from the early stages of design, which has allowed us to achieve volume growth in spite of the increased planning problems which our industry faces.

Design and Build
The advent of PPG3 has meant an increased need to be able to produce bespoke designs for specific sites. We have worked hard during 2001 to facilitate this process, and to maximise our design efficiencies, by creating blocks of units which can be assembled together into appropriate combinations for a variety of surroundings. In this way we avoid redesigning the product for every new site, which additionally assists in minimising build costs.

In 2001 we produced a complete new range of designs in response to the planning guidelines of PPG3. These stand alongside our traditional products which are still in demand on a high proportion of our sites. We have also been working on what we call "concept designs" which are currently in build on several sites across the country, so as to test customer reaction to several innovations which show promise of advances in house design. We believe this innovation will prove to meet the aspirations of our customers and add to the wide range of houses for which the company wishes to be known.

We also continue to make advances in the use of new build techniques and several such innovations are now in use in our construction processes. During the year we also opened a new 40,000 sq. ft. manufacturing facility near Ibstock for our joinery division, which fits all our own bedroom furniture and provides a significant proportion of the joinery elsewhere in our houses. As a result we have been able to commence production of our own door-sets and are now supplying 27 sites from the facility, thus providing both the benefits of prefabrication and significant cost savings over traditional methods. It is hoped to double the number of sites covered during 2002. This provides us with the opportunity to mass purchase doors of many differing designs and of course opens up considerably our sources of supply.

Customers and Quality
During 2001 we continued our efforts to improve both build quality and customer service. We invested further in our Quality Control personnel and in our systems for ensuring appropriate response to customer queries.

One reflection of this improvement can be seen in the increasing recognition of our efforts during the year. We received three Green Leaf Awards, eleven NHBC "Pride in the Job" awards, as well as "Best Housebuilder"

01 The flowing linked frontages of Trinity Gardens typify the style of development increasingly requested by planners. Careful design ensures that the individuality of each home is retained without disturbing the harmony of the overall street scene.

02 "The Council is very pleased with the high quality development at The Avenue, North East Carterton, Oxford, that both David Wilson Homes and West Oxfordshire District Council have achieved on site to date. All parties have jointly worked very hard in producing a first class PPG3 Design Brief for the site, resulting in a residential development of which the Council, for one, is proud."
Martin Overbury, Planning Officer, West Oxfordshire District Council.

03 Millers Green, Ravenstone, is a selection of one to four bedroom "Village" homes. The design and materials used for each property and the development as a whole constantly refer to the local architecture and unique characteristics of this Leicestershire village, resulting in a seamless integration of new and old.

04 The Essex Design Guide, a precursor to the Government's Planning Policy Guidelines, was a major influence on our development at Felsted. By understanding the local vernacular, we were able to plan and build an exclusive development of link detached and detached homes, which blend effortlessly with the local architectural character.

We continue to make advances in the use of new build techniques and several such innovations are now in use in our construction processes.

from Home Magazine; "Best Three Bed Family Home" from the Evening Standard; and further awards from House Builder and What House magazines.

We will continue our efforts in 2002 in a bid to improve our quality and customer care even further in recognition of the increasingly high standards quite rightly demanded by today's customers.

Staff and Suppliers

Part of our response to the increased demands on us as a housebuilder has been to allocate even more resource to training and providing back-up systems to our staff. We have always invested heavily in this area and during 2001 have increased our efforts to provide training and development for staff and management. This will continue to be a vital part of our strategy and the impact can be seen in the increasing number of our regional offices applying for "Investors in People" status.

In 2001 we also continued our efforts to involve our suppliers in understanding our business and our customers. Over recent years we have worked hard at improving supplier relationships and using partnering techniques, as a means of improving our product and our service to customers. In an industry still heavily reliant on sub-contractors this is a vital component of improving quality of build and service.

Outlook

We are well positioned to achieve another year of growth in David Wilson Homes during 2002 in the expectation that the market will remain favourable. Clearly the state of the market is dependent on forces outside our control, but at present we are seeing sales rates per site running at levels consistent with 2001 performance, sales prices are undiminished since last summer and we have the additional sites available to deliver volume increases. If the UK achieves a smooth return to growth without violent swings in interest rates, and consumer confidence is maintained, then there is every reason why David Wilson Homes will be able to deliver another strong performance all round in 2002.

PROPERTY DEVELOPMENT

In a year affected significantly by a deterioration in the UK economy, Wilson Bowden Developments achievement in exceeding last year's operating profit demonstrates the success the business has had in widening its range of activities in recent years, and the cover provided by the increased investment in land and sites over the last three years.

Results for the Year

Turnover for the year was £142.8m (2000: £158.0m) arising from completion of 1.2m sq.ft. of space. While turnover is down on the previous year the reduction is due entirely to timing, with the £50m, 145,000 sq. ft. retail complex at West One in Manchester delayed into 2002 as signalled.

Operating profit was £24.4m in 2001, marginally ahead of the 2000 figure of £24.2m, producing an operating margin of 17.1% (2000: 15.3%). The margin improvement results from changes in the mix of activity undertaken in 2001, including a large contribution from further completions at the Cornerhouse leisure complex in Nottingham.

The impact of timing delays on West One, coupled with the early stages of work in progress involved on the new City Homes projects has caused a temporary reduction in return on average capital employed which was 16.6% in 2001 (2000: 20.2%). This figure should increase in 2002 as cash flows from these projects impact the working capital.
Continued on page 20.

01 The pioneering Eco House project is the product of a unique partnership between David Wilson Homes and The University of Nottingham. Built and funded by the Company, the experimental house will be used to discover solutions to limit the emission of greenhouse gases from the built environment. Research into sustainable energy and energy efficiency will contribute directly to developing environmentally friendly construction techniques and materials.

02 "As part of Wilson Bowden's continuous drive to improve quality for home buyers, the company has worked in partnership with Trus Joist, the world's leading manufacturer of engineered wood to install the Silent Floor® System in an increasing number of homes. David Wilson Homes' design group worked together with Trus Joist's technical team to create an integrated floor and superstructure solution purpose designed for each house type, leading to improvements in building efficiency and quality. Trus Joist has now been appointed as sole supplier of engineered timber floor solutions to David Wilson Homes."
Tom Denig, President of Trus Joist, a Weyerhaeuser business.

03 Our joinery division has recently relocated to this new 40,000 sq.ft. self contained industrial unit built by Wilson Bowden Developments at Interlink Business Park. The premises provide a base from which the division is able to support Group companies, by manufacturing and supplying prefabricated building components and fitted bedroom and study furniture.

04 David Wilson speaking at the Group's 2001 Quality Construction Awards. In its fourth year, this prestigious event was attended by over 800 suppliers, sub-contractors and staff. Awards were presented in recognition of the achievement of excellence to site management, and to suppliers and sub-contractors for team working and partnership in the supply chain process.

Building on the success of our exciting aspirational homes, we are developing new concept designs, which will incorporate recent advances in layout and design to create our new homes of the future.

01 Pictured above are the "Bradbury", "Nicholson" and "Swinbrook" homes at The Croft, Kidderminster. Careful development planning, with particular attention paid to the selection of neighbouring house designs and their relative positions, ensures that we continue to create the stylish individual street scenes that have become our hallmark.

02 An artist's impression of our Weekday Cross development in the heart of Nottingham, which comprises 121 apartments and three restaurants. The scheme has been cleverly designed to incorporate refurbishment of a listed building in the Lace Market.

03 This 2,100 sq.ft. four bedroom concept house is one of a number of potential responses to the new PPG3 regulations. Each carefully considered design is being trialled around our regions to gauge customer reactions. Core to the new concept is the notion of leaving behind the confines of traditional rooms for open plan flexibility.

04 "The Weekday Cross site is located within an important and sensitive Conservation Area within the City. Although partly vacant, the site includes an important Grade II Listed Building. We were pleased to work in a constructive and positive manner with Wilson Bowden Developments and their design team in order to bring forward an important mixed use development scheme for this site, which not only brings back into viable reuse an important listed building, but also responds to the challenges of a design sensitive location. We are pleased to see the project on site and look forward to its completion."
Adrian Jones, Assistant Director of Planning and Transportation, Nottingham City Council.

1 Business visitors won't trip over family toys in the hallway as the formal zone is completely separated from the living zone
2 A two-storey conservatory is an integral part of the house
3 The hub of the house is the informal living area, so that's where the staircase is
4 Children's bedrooms are above rooms that are unlikely to be noisy

05 Our concept houses have a narrow street frontage but are deeper than usual front-to-back, allowing for a paved courtyard area as well as a rear garden. Interiors are designed as 'zones' rather than rooms and some also feature fold-back walls.

Wilson Bowden City Homes are now building the first blocks of apartments at Nottingham Lace Market and Southampton Marina.

01 Mariners Quay is a collection of contemporary styled apartments and townhouses at Littlehampton. This very special development is the perfect spot to relax with its delightful waterfront location and views over the nearby golf course.

02 At Queen Elizabeth Court, Mansfield, we have skilfully and creatively converted a former girls school into 11 individual apartments, each of which retains and exploits many of the original architectural features. A key feature of this apartment is the galleried landing, which overlooks the living, dining and kitchen areas.

03 Woodcourt, at Brooklands, is a development of 48 stylish two bedroom apartments located on a tree lined road in Sale. These apartments have a special appeal to those making their first move into the property market, as well as those looking for a low maintenance home.

04 "Whilst wanting the advantages of new build, I also wanted a home with character. The exposed brickwork and original features in the apartment, coupled with the spacious rooms were a key factor in my decision to purchase. I am also in an ideal location, living in the city centre, but having easy access to commuter routes for my travel to work."
Paul Ashmore, purchaser at Cambridge House, Manchester.

05 Riverside Exchange, Sheffield offers a choice of one or two bedroom apartments or luxury penthouses, designed to provide maximum comfort and style. Linked by the river walkway, the development has easy access to the fashionable Victoria Quays and city centre. Many of the living areas boast patio doors opening onto decorative balconies, whilst their open plan living makes a welcome change to the confines of the busy city.

06 Our landmark building Gynsills Hall, Leicester, designed in the style of a classical manor house is set in its own grounds. This highly sought after selection of two and three bedroom apartments stands proudly at the end of a sweeping tree lined driveway. Each individually designed apartment benefits from the latest advances in building technology to provide the very best in soundproofing, insulation and security.

Wilson Bowden Developments achievement in exceeding last year's operating profit demonstrates the success the Business has had in widening its range of activities in recent years.

PROPERTY DEVELOPMENT continued from page 14

The Market
With UK base rate at a 45 year low of 4%, debt-driven investor demand for high yielding property investments remained strong, especially when set against the uncertainties of equities and gilt returns of sub 5%. Institutional investment demand on the other hand was much less in evidence with funds hunting for bargain buys at a time of economic uncertainty, particularly later in the year.

Given the economic downturn, particularly in the industrial sector, the occupier market during 2001 held up surprisingly well for much of the year, albeit deals were taking longer to bring to a conclusion. It was only late in the year that we saw signs of uncertainty, with transactions being withdrawn or delayed.

Yields also continued their decline during 2001 and we have seen a softening of up to 1.25% in yields over the last two years, even on the prime sites in which we deal. Secondary sites will have fared much worse.

In that marketplace it was most encouraging to note that we are able to include 49 completions or partial completions in our 2001 figures, and also managed to improve our margins at a time of worsening yields.

A key issue for us in 2001 was one of timing in that we eventually deferred concluding a sale on the West One retail centre in Manchester. This project is 84% let, or in legals to let and the investment sale is also in legals. A significantly better deal will have been achieved in the market in 2002 than would have been achieved by selling for the sake of a deal in 2001. It is worth noting that it is one of the benefits of the strength of the Group balance sheet that such a choice is available to us.

Activity by Sector
The Office sector accounted for 50% of turnover in 2001 (2000: 19%), with the most significant projects being 67,000 sq. ft. at Chalfont Park near Gerrards Cross in Buckinghamshire, 35,000 sq. ft. at Sheffield Riverside Exchange, 33,500 sq. ft. at Solihull Business Park, and the 64,000 sq. ft. pre-let at Equinox in Glasgow.

On the Industrial sector, which accounted for 31% of turnover, the main developments are at Interlink Park, near Leicester, for Brantano (115,500 sq. ft.) and Healey Chemicals (41,000 sq. ft.); 130,000 sq. ft. from four units at Willow Farm, Castle Donington; and 81,000 sq. ft. from three units at Nexus Point in Birmingham.

The Leisure and Retail sector saw continuing completions at The Cornerhouse leisure complex in Nottingham, as well as the sale of the 43,000 sq. ft. retail park at Thetford and additional completions at several of our other retail developments around the country.

Outlook
In terms of the market for 2002 we expect to see demand in the Office sector remaining patchy for smaller units but showing more confidence on larger units on good sites in the principal cities, an example of which is our sites in Glasgow. The Industrial sector

01 The Cornerhouse is a 187,000 sq. ft. leisure and retail development in the heart of Nottingham city centre. The flagship scheme is home to a 14 screen state of the art Warner Village multiplex cinema, a selection of bars, restaurants, nightclubs and a health and fitness club.

02 "We have developed a good relationship with Wilson Bowden over several years. Cornerhouse is the second site that Warner Village Cinemas has worked on with them. The relationship works well, because they listen to our needs and demands and because they have a very positive approach to tackling issues and snags as they arise. This continues even now that the cinema site is up and running. We feel it has worked very much as a partnership and we hosted their company conference this year at Cornerhouse, which shows we have a certain amount of faith in each other!"
Melvyn Angell, Managing Director, Warner Village Cinemas.

03 The 64,000 sq. ft. Equinox building is being constructed in joint venture with Taylor Clark Properties and is due to be completed in spring 2002. Esure, the insurance arm of HBOS, will occupy this superior office accommodation located in the heart of Glasgow. Already pre-sold, the deal represents one of Glasgow's largest investment transactions in 2001.

04 Set in exquisitely landscaped grounds, the fully refurbished listed building, Chalfont House, provides a stunning approach to the new Chalfont Park office campus. The 120,000 sq. ft. office scheme is arranged around a water garden courtyard which features a Lutyens' wishing well.

We shall continue to increase our representation on inner city brownfield sites and to play our part in facilitating the creation of mixed use developments.

should follow the same pattern but while consumer confidence remains buoyant we should see stronger demand for retail related distribution space such as we have experienced at Interlink, near Leicester. On the Retail sector there is good demand for well-configured, larger, more efficient, space in town centres such as our potential new developments at Harlow and Wigan. Leisure demand will mainly be concentrated on mixed use schemes such as Southampton Marina and Weekday Cross.

We have a very full range of sites and projects available to take advantage of market conditions in the various sectors as a result of our continuing forward investment in land. As usual, however, there are several major projects included in 2002 which will account for a significant share of the outturn and which typify our current programme.

The major projects for 2002 will include the completion of the £50m West One retail park at Ladywell in Manchester, let to a high quality line-up of retailers including Next, Gap, Mothercare and WH Smith. On the Office front we expect to see completion of the first two units at Cumberland Place, Nottingham, totalling 73,000 square feet in a prime city centre location, as well as the occupation and sale of the 29,000 sq. ft. unit at Cheadle Hulme near Manchester; the sale of 39,500 sq. ft. at Unit 1 at Chalfont Park, Gerrards Cross; and the completion and sale of the 64,000 sq. ft. Equinox building in Glasgow. The major industrial project in 2002 will be the 169,000 sq. ft. distribution unit at Interlink Park, near Leicester, for Laura Ashley.

On Wilson Bowden City Homes we are now in build with the first blocks of apartments at both Nottingham Lace Market and Southampton Marina. The Lace Market will eventually consist of 121 apartments and 3 retail units, while Southampton Marina will comprise around 400 apartments and 6 retail and leisure units. 2002 should see total sales of around 50 apartments from these two developments which will augment continuing sales at Sheffield Riverside undertaken by David Wilson Homes. Future developments are likely in Leamington Spa and Glasgow.

Wilson Bowden Developments has the sites, build, and stock in place to grow the business further during the year but, as always, the outcome depends on economic conditions and the market place. As a result we are cautiously optimistic on the prospects for 2002 and will strive to maintain and if possible improve profitability.

01 Riverside Exchange, Sheffield, is situated on a 9 acre inner city, mixed use commercial and housing development, overlooking the river Don. Irwin Mitchell, a leading national firm of solicitors, has already taken occupation of the first commercial property to be completed.

02 "After considering numerous potential JV partners for the redevelopment of Ravenscraig, only Wilson Bowden was considered to have the right mix of commercial, industrial and residential experience and expertise. Corus are very happy to be associated with Wilson Bowden Developments and are looking forward to working with them on this nationally important, landmark development project."
Neil Chatterton, Manager, Property Valuation, Corus Group PLC.

03 The coming years will see a huge desolate brownfield site in the heart of Scotland's central belt transformed into an exciting new community, as portrayed in this artist's impression. The privileged residents will enjoy the benefit of new jobs, homes, schools, shopping, leisure and community facilities.

04 The bold development proposals for this new community are being driven by a unique public/private joint venture comprising Scottish Enterprise Lanarkshire, Corus Group PLC and ourselves.

Operating and financial review

During the year our core housing and apartment developments have both made significant progress.

FINANCIAL REVIEW

Group operating profits rose by 18.6% to £151.4m in 2001, mainly as a result of the substantial growth achieved by David Wilson Homes. With interest charges increasing to £12.2m as a result of the increased borrowings attributable to continued investment for future growth, profit before tax improved by a creditable 15.3% to £139.2m (2000: £120.7m). Earnings per share were up 13.9% at 104.0p (2000: 91.3p).

Profitability

The 22.7% increase in housebuilding operating profits to £127.0m in 2001 resulted from a turnover increase of 13.7%, combined with a 1.4% improvement in margins. The turnover increase was achieved by a mixture of higher volumes, selling price rises, increased house size, and a change in mix. In 2001 21% of our completions came from apartments, compared with 9% in 2000. This change in mix means that, while overall we have seen a reduction in the average square footage per unit, taken separately our core housing and apartment developments have both moved ahead significantly as the following table shows:

	Total		Core Housing		Apartments	
	2001	Y on Y change	2001	Y on Y change	2001	Y on Y change
Share of Completions	100%	-	79.0%	-12.0%	21.0%	+12.0%
Square Feet/Unit	1,296	-3.2%	1,465	+3.6%	648	+5.0%
Selling Price per Square Foot	£128	+8.3%				
Average Sales Price	£165.5k	+4.9%				

On property developments we derived a slightly higher profit of £24.4m (2000: £24.2m) from turnover which was down 9.6% to £142.8m (2000: £158.0m) as a result of timing issues. The resultant increase in margin to17.1% is attributable to a change in mix of activity, and specifically to the contribution from two large retail/leisure projects undertaken in the year.

Taxation

The year's tax charge was £41.8m which reflects an effective tax rate of 30.0% (2000: 29.2%). The increase in the effective rate reflects the reducing availability of the benefits of the Trencherwood tax losses which were almost fully utilised by the end of last year. Our ongoing tax rate is likely to continue at around this level.

Land and Work in Progress

The Group's balance sheet remains healthy with land holdings increasing by £78m to £598m during the year as a result of the ongoing maintenance of our land bank at a level appropriate to our future growth plans both in unit terms and in respect of our geographic expansion. Stocks and work in progress also increased, by £70m to £282m, partly as a result of an increase in numbers of sites, partly due to the increased work in progress levels inherent in the construction of larger apartment projects, but also due to the impact of the timing of the sale of the £50m West One retail park at Manchester on which build is over 90% complete.

Creditors

During the year creditors rose by £40m to £267m. Within that figure, trade creditors represented £67.1m (2000: £55.3m) with the increase attributable mainly to increased build activity. Land creditors rose by £22.3m to £82.3m. Wherever possible we buy land on deferred terms to maximise our cash flows. The increase in land creditors during the year reflects the ongoing success of these efforts.

Borrowings and Financing
During the year we had a net cash inflow from operating activities of £27.3m (2000: £25.8m). Year end net borrowings were up £50.0m at £136.3m and, as a result, gearing increased to 24.8% (2000: 18.3%). While this is still a strong position it should be borne in mind that during the year our borrowings peak at a higher figure. Average borrowings during 2001 were £180m (2000: £102m).

The aim of our financing policy remains to ensure that our peak borrowings in any year are covered by committed financing facilities. To that end, and to provide for future growth of the business, we increased our bilateral committed facilities by £95m during the year, to £297.5m. We also have in place other facilities including private placements, overdrafts and uncommitted lines which bring the overall total of facilities available to us at 31st December 2001 to £440.0m (2000: £335.0m).

Interest Rates
The Group maintains a close watch on interest rate trends and forecasts and attempts to strike an appropriate balance between fixed and floating rate borrowings as a means of minimising the Group's exposure to the impact of fluctuations in interest rates. Currently, with the £80m ten year fixed interest private placement, approximately half of our average borrowings are in fixed interest.

Information Technology
During 2001 we continued to build on the benefits of systems integration both in order to upgrade the quality and delivery of information, and to implement new systems to deliver operating efficiency.

Our new information portal and intranet went live during the year and have been extended in coverage steadily since. They provide an ever increasing proportion of management and staff with instant access to up-to-date detailed data at their fingertips, thereby informing and improving both the decision making processes and the response to customers and suppliers.

Our web-site has been upgraded and improved both as a marketing tool and as a service to investors. We have found that in both instances the main benefit to be derived is the provision of adequate information at the initial point of contact to encourage further direct contact, rather than as a means to undertaking a transaction online. Our site has been designed accordingly.

We have also continued to work with industry colleagues at the forefront of the development of B2B supply chain improvements for the housebuilding industry and expect to see further positive benefits for our own systems during 2002.

While much of the hype surrounding IT which existed two years ago has subsided, there remains much for IT to contribute to the efficiency and quality of the business, and we shall be pressing on with our investment in this area as a means of facilitating future growth in the business.

During 2001 around 40% of our turnover came from brownfield sites.

As a national housebuilding and property development company we not only recognise the importance of our environmental responsibilities to the communities within which we operate but take them very seriously. Accordingly, the Group is committed to the continued improvement of its environmental performance and the minimisation of the impact of its operations. As a result, we are working to integrate environmental considerations and sustainability criteria into decision making at every level of the organisation. To help guide our activities and measure progress we have developed a series of baseline environmental performance indicators. We are introducing a data management system to establish a verifiable bench-mark of the Group's environmental credentials.

We accept our social responsibility for putting into place environmentally friendly measures which in some instances go beyond legislative requirements. During 2001, the Group's risk management procedures were formally extended to cover planning and environmental issues. Once again we are able to report there have been no major environmental incidents leading to prosecutions during the course of the year and no fines imposed under environmental legislation.

As part of the drive to make our environmental credentials more transparent, the Group participated in the Business in the Environment Index of Corporate Environmental Engagement 2001 survey. We have also updated our Environmental Policy Statement (available on our website www.wilsonbowden.plc.uk) to take on board new factors. The statement is being distributed to company employees, suppliers, contractors, consultants and stakeholders, to reaffirm our commitment to and increase awareness of, environmental considerations. In a similar vein, such factors are now included in the Group's induction programme for all new staff and it is our intention to introduce an environmental bulletin for periodic distribution to staff.

Sustainable Development
At the heart of the business is land and it is recognised that finding the most appropriate sites to provide the new homes, workplaces, shopping and leisure facilities for the future is becoming an increasingly sensitive task. Furthermore we are acutely aware that land is a finite resource and that it is vitally important to reclaim and redevelop redundant sites and bring them back into effective use for the community. Indeed, during 2001 around 40% of our turnover came from brownfield sites.

We endorse the Government's desire to see development take place in sustainable locations. These should take advantage of, or enhance modes of transport other than the car and be capable of integrating with local shops, services and jobs. However, where these facilities do not exist, we use our experience, gleaned from an extensive track record, to provide mixed use developments across the United Kingdom that result in truly sustainable schemes. As part of this approach our in-house engineering design consultancy, Bradgate Development Services Limited, will increasingly act as Green Travel Plan Co-ordinators on all of our major schemes.

For the second year running we have undertaken a sustainability audit of our land bank. This has also been complemented by the introduction of a new computerised land and planning database that provides comprehensive details on each site including environmental factors. The database is periodically updated throughout the year with the information being used in the proactive management of the Group's landholdings.

01 In 1862, the Penistone Steel and Iron Works was constructed by Benson Adamson and Garrett and after a number of changes in ownership the works were closed in the 1930's.

02 The former foundry buildings, which were located on the site, brought with them a legacy of reinforced concrete foundations and ground contamination. It was not until residential planning permission was granted that remediation and redevelopment became a viable option.

03 Skilful redevelopment with a range of desirable homes has enabled a derelict area to be brought back into beneficial use. Located within easy reach of local amenities the community is also within walking distance of Penistone's railway station, which provides links to nearby Barnsley and Sheffield. A problem site has been removed and the new community is playing its part in maintaining the vitality of a small market town.

During 2001 the Group introduced a new portfolio of house types that will allow us to make the most efficient use of land by facilitating development at increased densities, whilst still providing desirable living environments. Furthermore, innovative master planning, combined with the use of sympathetic building materials and award winning landscaping, ensures our developments have their own distinctive character, which respect and enhance the local environment. Wherever possible, care is taken in each scheme to preserve as much of the existing environment, whether it be related to fauna and flora, or existing buildings with heritage value. The new portfolio also has relatively low construction energy demands through the use of shared foundations, roofs and party walls. Furthermore, when combined with improved thermal efficiency over the lifetime of the buildings, the total energy requirements for heating will be substantially reduced. All in all, the bottom line is the recognition of long-term benefits derived from incorporating environmental good practice at the design and layout stage.

Research and Development
In terms of new technology, the collaboration with the University of Nottingham continues with the Eco House acting as a long-term test bed for new innovations. During 2001, other initiatives investigated include new surface protection for external walls in order to reduce moisture absorption, positive ventilation systems, 'smart' house technology and grey water recycling. The Company is also sponsoring research to evaluate state of the art heating systems such as solar gain and closed circulation loops.

As far as materials are concerned, new products are constantly being trialled in our houses in an attempt to reduce energy demand and CO_2 emissions, e.g. condensing boilers and low 'e' glass applications. The Group is also placing greater importance on utilising recyclable materials in construction and as far as possible adopts a procurement policy of utilising material from renewable sources.

Waste Minimisation
The Group has progressed its strategy on materials waste management and recycling, with procedures derived from initial successful trials due to be gradually extended across the Group's operating companies over the forthcoming year. This is complemented by an increasing use of off-site manufactured items in the construction process. Wherever possible any excavated material is regraded on site to reduce landfill requirements. All are factors which contribute to reduce waste generation and energy usage in both construction and transportation.

On the information technology front, we have adopted a strategy of putting as much information as possible on-line via our intranet facility to increase accessibility and awareness, whilst at the same time reducing the requirement for printed output and making the updating of information, e.g. procedure documents and manuals, more easy and resource efficient. In addition, it is now possible for staff to work from any local office as a result of the Group's networking facility.

Training
Finally, the Group has long recognised the importance of training in developing the abilities of its workforce and is proud of the standard it sets in this regard. Our training programmes have now been expanded to include environmental issues in order to ensure employees understand the Company's policy. These programmes include the management of environmental risks and issues arising from the diversity of our operations, as well as legal and planning requirements.

Board of Directors

01 D W Wilson
Group Chairman and Chief Executive
David Wilson has spent his whole career with Wilson Bowden and is primarily involved in the strategic direction of the Group and policy matters. David is supported by Ian Robertson, the Deputy Group Chief Executive, and the executive directors responsible for the Group's housebuilding and property development activities both of whom are accountable to the Group Board. Age 60. (N)

02 D E Brill
Non-Executive
David Brill was appointed to the Board in February 1997. He has chaired the Nominations Committee since 1st January 2000. Before joining the Board David had a long and successful career in the housebuilding industry, retiring as Managing Director of Prowting PLC in 1996. Age 65. (A, N, R, Ind)

03 P J Byrom BSc FCA
Non-Executive
Peter Byrom was appointed to the Board in November 1998 and has chaired the Audit Committee since 1st January 2000. Peter has had a distinguished career in merchant banking, retiring as a Director of N M Rothschild in 1996. He is Chairman of Domino Printing Sciences plc and of Molins PLC, and a Non-Executive Director of Rolls-Royce plc. Age 57. (A, N, R, Ind)

04 A Greasley
Non-Executive
Tony Greasley has spent all his working life in the industry and was Deputy Chairman of David Wilson Homes until retiring from full time executive responsibilities in 1994. Tony became a Non-Executive Director on 1st January 2002 and his vast experience of the industry, along with his extensive contacts and authoritative advice are invaluable to the Board. Age 68. (N)

05 T G Neiland
Non-Executive
Gerard Neiland has been a Director since 1986 and practised as a solicitor in the East Midlands prior to retiring in 1996. His immense wealth of experience in the acquisition of development land is particularly valuable to the Board. Age 65. (N)

06 Dr A D Portno CBE
Senior Non-Executive Director
Tony Portno was appointed to the Board in November 1998 and has chaired the Remuneration Committee since 1st January 2000. Tony was an Executive Director of Bass PLC until he retired in 1998. His considerable experience of management in large companies ideally equips him to act as the Board's senior independent Non-Executive Director. He is also a Non-Executive Director of Gallaher Group Plc and Brewing Research International. Age 63. (A, N, R, Ind)

Board Committees:
A = Audit
N = Nominations
R = Remuneration

Ind = Non-Executive Directors considered by the Board to be independent

07 N H Richardson BSc MRICS
Managing Director Wilson Bowden Developments
Nick Richardson has overall responsibility for the Group's property development business and was appointed to the Board in June 2001. Nick joined Wilson Bowden Developments in 1991, was appointed Development Director in 1995 and was promoted to Managing Director in 1999. As well as his responsibilities for commercial property development Nick is also responsible for the Wilson Bowden City Homes division which undertakes urban mixed use residential and commercial schemes. Age 38.

08 I Robertson CA FIMgt
Deputy Group Chief Executive and Finance Director
Ian Robertson was appointed Deputy Group Chief Executive on 1st February 2001 and has been Finance Director since joining the Board in 1994. Ian works closely with David Wilson in managing all aspects of the Group's operations and deputises for him as required. Ian is supported by the Deputy Group Finance Director and also retains direct responsibility for the information technology and personnel functions. He is a member of the Council of the Institute of Chartered Accountants of Scotland. Age 54.

09 M J Stansfield MRICS
Chief Executive David Wilson Homes
Mike Stansfield has overall responsibility for the Group's housebuilding operations. He has been a Director since 1994 and has over 17 years' service with the Group. A devolved management structure enables Mike to focus on the key issues affecting our business, including design, urban regeneration, new building methods and organic growth, whilst overseeing day-to-day operations. Age 45.

10 N J Townsend
Group Legal Director
Nick Townsend is a solicitor and has been a Director since 1994. He has overall responsibility for the Group's legal, planning, environmental and engineering service functions and he is also responsible for the Group's strategic land resources. In addition Nick is Deputy Chairman of Wilson Bowden Developments. Prior to joining the Group in 1993, Nick was a solicitor in private practice. Age 55.

11 G M Brown FCA
Company Secretary
Graham Brown is a Chartered Accountant and has been Company Secretary since 1987. In addition to his duties as Company Secretary, Graham is responsible for providing assurance to the Board on compliance, internal control and audit. Age 56.

Report of the Directors

The Directors present their Report together with the financial statements of the Group for the year ended 31st December 2001. The Chairman's Statement on pages 6 to 9, together with the operating and financial review on pages 10 to 25, review the results for the year, give details of recent and future developments and should be regarded as forming part of this Report.

Activities of the Group
The principal activities of the Group are housebuilding and property development. All Group companies operate exclusively within the United Kingdom.

Dividends
The Directors recommend a final dividend of 16.8p per ordinary 10p share payable on 29th May 2002 to shareholders registered as members of the Company at the close of business on 26th April 2002. When taken with the interim dividend of 5.5p paid on 9th November 2001, this makes a total dividend of 22.3p (2000: 19.8p) per ordinary 10p share for the year ended 31st December 2001.

Annual General Meeting
The sixteenth Annual General Meeting of Wilson Bowden plc will be held on 17th April 2002 and the Notice of Meeting has been mailed to shareholders with this Annual Report.

Executive share schemes
Details of ordinary shares held under option under the Wilson Bowden plc executive share option schemes and of options granted and exercised during the year are shown in note 18 of the financial statements on page 49.

Details of the Wilson Bowden plc Bonus Share Matching Plan are set out in the Remuneration report on page 36. Details of the Company's ordinary shares acquired by the Plan's Trustee in respect of contingent future matching obligations held by the Company are set out in note 10 of the financial statements on page 45.

At the forthcoming Annual General Meeting a proposal for the introduction of a Performance Share Plan will be put to shareholders.

Fixed assets
The Directors are of the opinion that the value of land and buildings in the Group's fixed assets is in excess of book value but that the difference is not material in relation to the affairs of the Group.

Directors
The names and biographical details of the Directors of the Company are shown on pages 28 and 29.

The Directors retiring in accordance with the Articles of Association at the forthcoming Annual General Meeting are Mr Byrom, Mr Greasley and Mr Townsend all of whom, being eligible, offer themselves for re-election.

Mr Richardson was appointed to the Board on 1st June 2001 and in accordance with the Articles of Association of the Company, at the forthcoming Annual General Meeting, will offer himself for election. Professor Sir Roland Smith resigned as a director on 1st October 2001.

Mr Richardson and Mr Townsend have service contracts with the Company terminable upon either the Company giving twelve months' notice or the Director giving six months' notice. The other Directors standing for re-election do not have service contracts with the Company.

Directors' and other material share interests
The interests, as defined in the Companies Act 1985, of the Directors in the ordinary share capital of the Company are set out in the table below. The total number of shares in which the Directors taken together were

Directors' share interests

Ordinary shares of 10p each	1st January 2001 or later date of appointment Beneficial	1st January 2001 or later date of appointment Non-beneficial	31st December 2001 Beneficial	31st December 2001 Non-beneficial
D W Wilson	36,168,731	1,214,937	36,128,731	1,214,937
A Greasley	26,855	–	26,855	–
T G Neiland	301	11,030,225	301	11,021,443
A D Portno	2,000	–	2,000	–
N H Richardson	504	–	920	–
I Robertson	1,323	–	1,806	–
M J Stansfield	27,922	–	41,298	–
N J Townsend	5,181	–	5,640	–

beneficially interested as at 31st December 2001 was 36,207,551, after excluding (i) non-beneficial interests in respect of 1,214,937 shares held by Mr Wilson or members of his family and 1,048,364 shares held by Mr Neiland and (ii) duplicated holdings in respect of 9,973,079 shares held in trusts of which Mr Wilson or his family are beneficiaries and in which Mr Wilson has a beneficial interest and Mr Neiland a non-beneficial interest.

In addition to their conditional entitlement to matching shares held by the Trustee of the Wilson Bowden Employee Trust ('The Trust') set out on page 36, the Executive Directors are, for the purposes of the Companies Act 1985, regarded as being interested in all the 33,391 ordinary shares in the Company which the Trustee held as at 31st December 2001. It is not expected, however, that any Executive Director will be entitled to receive from the Trust a greater number of shares than the additional shares to which he is conditionally entitled under the Bonus Share Matching Plan.

Details of options over the ordinary share capital of the Company held by the Directors are set out on page 35.

The Directors have no other notifiable interests in the shares of the Company or its subsidiaries. There have been no changes in the Directors' share interests between the end of the year and 26th February 2002.

Except for the Directors' interests disclosed above, at the date of this Report the Company had not been notified, pursuant to Section 198 of the Companies Act 1985, of any other material interests in its share capital.

Supplier payment policy
The Group's policy with regard to the payment of suppliers is to advise suppliers when placing orders of the Group's payment terms or, alternatively, to agree payment terms prior to order. It is policy to pay in accordance with the agreed arrangements within the industry, which include the evaluation by surveyors of the value of work completed and retentions for remedial works. The Company has no trade creditors and accordingly no disclosures are required under the provisions of Statutory Instrument 1997 No. 571.

Employment policies
It is the Group's policy that employment opportunities, training, career development and promotion should be available to all, irrespective of age, gender, ethnic origin, religion or disability. Due consideration is given to applications for employment having regard to the particular aptitudes and abilities of the applicants. Any employee who develops a disability during employment is given the opportunity of retraining for alternative employment where practicable, given the nature of the Group's activities. There are specific arrangements to keep all employees informed on matters of concern to them and to encourage their involvement in the Group's performance.

Environmental policy
The Board acknowledges the Group's responsibilities with regard to the environment and its approach to these matters is explained in the Environmental review on pages 26 and 27.

Corporate governance
The Board's statement on corporate governance is set out on pages 32 and 33.

Going concern
The Group continues to place considerable emphasis on its budgeting and forecasting procedures and each month produces a forecast of trading and cash flow covering, at least, the ensuing fifteen months. Accordingly we continue to have in place all the procedures and information appropriate to the going concern assessment required by the Combined Code. Having reviewed the Group's resources and a range of likely trading out-turns, the Directors believe that they have reasonable grounds for stating that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore to continue to adopt the going concern basis in preparing the financial statements.

Donations
Donations during the year for educational purposes, to charity and to local causes, amounted to £37,000 (2000: £41,000). There were no political donations during the year.

Auditors
In accordance with Section 385 of the Companies Act 1985, a resolution proposing the reappointment of Deloitte & Touche as auditors to the Company will be put to the Annual General Meeting.

By order of the Board
G M Brown FCA
Company Secretary
26th February 2002.

Corporate governance

The Board of Wilson Bowden plc is committed to maintaining high standards of Corporate Governance. This statement demonstrates how the Company applies the relevant principles contained in the Combined Code on Corporate Governance (the "Code") appended to the Listing Rules of the UK Listing Authority. The Board considers that throughout the year the Group has complied with the provisions of the Code as set out in Section 1 of the Code.

Board structure and reporting
The Board comprises five Executive Directors and five Non-Executive Directors, three of whom the Board regards as independent. All Directors stand for re-election at least once in every three years.

Mr Robertson is the Group's Deputy Chief Executive. The chief executives of the housebuilding division, Mr Stansfield, and the property development division, Mr Richardson, are both plc Board Directors and are directly accountable to the Board for all aspects of their division's operations.

The substantial and strong independent Non-Executive presence, led by Dr Portno as senior independent Non-Executive Director, along with the management structure outlined above ensures that the decision making process is not concentrated with any one individual. Accordingly, although Mr Wilson has the combined role of Group Chairman and Chief Executive, the Board considers that the requirements of the Code are satisfied and that the combination of these roles does not work to the disadvantage of the Company or its shareholders.

The Board will meet on not less than seven occasions during the current year and the Executive Directors also hold regular meetings. The Board has identified in writing various matters that are reserved to it for consideration. All Directors have access, as appropriate, to independent professional advice and training, and also to the services of the Company Secretary. The Non-Executive Directors do not participate in the Company's bonus or share schemes and no pension contributions are made in respect of them.

Shareholders
A detailed review of the performance and financial position of the Group is included in the Chairman's statement on pages 6 to 9, together with the Operating and Financial Review on pages10 to 25. The Board uses this to present a balanced and understandable assessment of the Group's position and prospects. The Directors' responsibilities in relation to the financial statements are described on page 36. The Company encourages two-way communication based on the mutual understanding of objectives with its institutional and private investors. All shareholders have at least twenty working days notice of the Annual General Meeting, at which all Directors, including the Chairmen of the Board's Committees, are available for questions.

Board Committees
Board Committees are in existence to deal with audit, chaired by Mr Byrom; remuneration, chaired by Dr Portno; and senior executive appointments, chaired by Mr Brill. Details of the composition of the Board Committees are given on pages 28 and 29.

The Committees responsible for remuneration and audit comprise solely three independent Non-Executive Directors. The Remuneration Committee meets as necessary and on at least two occasions per annum and has access to Mr Wilson, other Directors and external advisors as necessary. The Audit Committee meets prior to results' announcements and otherwise as required, with management and Executive Directors in attendance if required. The external auditors may attend any of the Committee's meetings, or request that a meeting be convened. The Committee also has regular access to the Group's Internal Audit Manager. The Nominations Committee meets as required and comprises the Non-Executive Directors and Mr Wilson.

Internal control
The Directors have reviewed the effectiveness of the Group's system of internal control covering operational, compliance and risk management, as well as financial controls in compliance with Code Provision D.2.1. The Directors are able to confirm compliance with the relevant guidance published by the Institute of Chartered Accountants in England and Wales, throughout the period from 1st January 2001 until the Board approved the 2001 Financial Statements.

At each meeting the Board is made aware of any current internal control issues, whilst a more comprehensive review is undertaken twice yearly. Steps are ongoing to embed internal control and risk assessment further into the operations of the business and to deal with areas of improvement that come to the attention of either operating management or the Board.

The Board of Directors acknowledges its overall responsibility for internal control. However, it believes strongly that, due to the commercially and geographically diverse nature of the business, senior management within the Group's operating businesses should also contribute in a substantial way to the ongoing process of identifying, evaluating and managing risk. Responsibility is also devolved to operating management for ensuring that appropriate controls are established and regularly reviewed in the context of the business environment in which the Group is operating.

The Group's systems of internal control are designed around ensuring adequate stewardship of assets, providing appropriate information on a timely basis for the running of the business and ensuring the maintenance of proper accounting records. These procedures are designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

In carrying out their review of the effectiveness of internal control in the Group, the Board has taken into consideration the following key features of our systems of internal control:

- Each business unit produces a risk assessment incorporating a prioritisation of the Group's exposure to risk. This assessment encompasses operational, compliance, financial and business risk and is updated on an ongoing basis with a different aspect of internal control reviewed by management each month. A risk assessment is similarly prepared for the Group covering the central functions and strategic risks. The Audit Committee at its meetings periodically reviews these risk assessments.

- A detailed system of budgeting, reporting and forecasting for the Group's operations is in place with particular focus on cash flow and profitability. This is updated monthly and provides appropriate, timely information on the performance of the business as well as projections for the following months. This information is monitored in the local operations and also centrally. The Group's finance function is mainly centralised which allows for high-level input and provides financial control over our diverse operations.

- The Internal Audit department has an established audit plan, which is regularly reviewed, updated and approved by the Audit Committee. The work of the department includes audits of systems and controls, ad hoc investigations, value for money reviews, review of the risk assessments and facilitating the work of the external auditors. The conclusions stemming from the department's work are reported to the Audit Committee.

- As part of the bi-annual review of internal controls, a process of "self-certification" by senior management is operated in order to ensure that, as far as possible, the controls and safeguards are being operated in line with established procedures and standards.

Our control and monitoring procedures are subject to regular review and the Board has reviewed the effectiveness of our internal financial controls to ensure that they are keeping pace with operational and organisational change and the business environment in which the Group is operating.

Remuneration report

Remuneration policy

The Company's policy on the remuneration of Executive Directors, as determined by the Remuneration Committee, is designed to attract, motivate and retain the most able executives in the industry; to reflect both individual and corporate performance; and to ensure that the Group is managed successfully in the best interests of shareholders. The composition of the Remuneration Committee is set out on pages 28 and 29.

The Remuneration Committee has access to both internal and external advice including information on the remuneration of similar executives in comparable organisations. In considering the level of Directors' remuneration, the Committee takes into account levels of remuneration payable throughout the Group. Remuneration is normally reviewed annually or when responsibilities change. No Director is involved in deciding their own remuneration.

The Company has fully complied with Section 1 of the provisions of the Combined Code on Corporate Governance (the "Code") annexed to the Listing Rules of the UK Listing Authority. In framing its policy and producing its Remuneration Report the Board has given full consideration to the provisions of the Code, including schedules A and B of such provisions.

Directors' emoluments

The remuneration of the Directors of Wilson Bowden plc for the year (including remuneration as Directors of subsidiary companies and consultancy fees amounting to £39,750 (2000: £52,500) paid to Roland Smith & Associates Limited in respect of the services of Professor Sir Roland Smith) is set out in the table below.

Performance-related bonuses

The Executive Directors, except Mr Greasley and Mr Richardson, are entitled to performance related bonuses expressed as a percentage of their salary. The percentage of salary paid as bonus, is dependent upon the achievement of various performance thresholds and the maximum potential bonus is capped at 60% of salary for Mr Stansfield and at 50% for the other directors. Mr Greasley did not receive any bonus and the bonus payable to Mr Richardson who was appointed a Director during the year is determined by reference to the profit before tax of the property development division and deals achieved.

Mr Wilson has irrevocably waived bonus payable to him under his service contract for 2001 amounting to £50,000 (2000: £40,000). Performance related bonuses form an integral part of the Company's remuneration policy and each year one half of bonuses paid to Executive Directors are subject to contributions by the Company to the money purchase pension arrangements maintained for the Directors.

Pensions

All the Executive Directors, except Mr Wilson and Mr Greasley, are members of the Wilson Bowden plc Directors' Pension Scheme, a defined contribution scheme. Accordingly the Company's contributions, set out below, reflect the full cost during the year of providing pension benefits to these Directors. Mr Wilson

Directors' emoluments

Years ended 31st December	Salary/fees 2001 £000	Bonus 2001 £000	Consultancy fees 2001 £000	Benefits in kind 2001 £000	Pensions 2001 £000	Total 2001 £000	Total 2000 £000
Executive Directors							
(salaries and other remuneration)							
D W Wilson	650	275	–	67	–	992	951
A Greasley	156	–	–	14	–	170	155
N H Richardson	166	62	–	10	44	282	–
I Robertson	329	94	–	17	76	516	365
M J Stansfield	316	133	–	12	91	552	471
N J Townsend	239	75	–	18	64	396	340
Non-Executive Directors							
(fees and other remuneration)							
Sir Roland Smith	5	–	40	–	–	45	59
D E Brill	28	–	–	–	–	28	28
P J Byrom	28	–	–	–	–	28	28
T G Neiland	23	–	–	8	–	31	34
A D Portno	36	–	–	–	–	36	28
	1,976	639	40	146	275	3,076	2,459

and Mr Greasley are not members of a Company pension scheme and no pension contributions are made in respect of them.

The Company has established a funded unapproved retirement benefits scheme to provide, at the Company's discretion, additional Directors' pension benefits equivalent to the effect of the restriction on their pension contributions, caused by the limitation of the Inland Revenue earnings cap. These arrangements are also of a defined contribution nature and accordingly the Company's contributions, included in the table above, reflect the full cost during the year of providing these pension benefits.

31st December 2001 was 813.5p. Subject to meeting taxation and financing obligations, executives are encouraged to retain shares obtained under the option scheme for the longer term.

During the year Mr Stansfield exercised an option over 12,500 ordinary shares, granted on 25th March 1994 at an exercise price of 517p. The market price on the date of exercise was 790p and the unrealised gain on exercise amounted to £34,000, subject to Capital Gains Tax.

Directors share options

Ordinary shares of 10p each	Scheme	1st January 2001* Number	Granted during year Number	Exercised during year Number	31st December 2001 Number	Exercise price pence	Date from which exercisable	Expiry date
I Robertson	WBSESOS	73,000	–	–	73,000	604	4.5.03	3.5.10
	WBSESOS	7,000	–	–	7,000	606	15.6.03	14.6.10
	WBSESOS	–	20,000	–	20,000	750	9.10.04	8.10.11
M J Stansfield	WBESOS	12,500	–	(12,500)	–	–	–	–
	WBSESOS	93,000	–	–	93,000	604	4.5.03	3.5.10
	WBSESOS	7,000	–	–	7,000	606	15.6.03	14.6.10
	WBSESOS	–	20,000	–	20,000	750	9.10.04	8.10.11
N H Richardson	WBSESOS	63,000	–	–	63,000	604	4.5.03	3.5.10
	WBSESOS	7,000	–	–	7,000	606	15.6.03	14.6.10
	WBSESOS	–	20,000	–	20,000	750	9.10.04	8.10.11
N J Townsend	WBESOS	5,000	–	–	5,000	517	25.3.99	24.3.04
	WBSESOS	73,000	–	–	73,000	604	4.5.03	3.5.10
	WBSESOS	7,000	–	–	7,000	606	15.6.03	14.6.10
	WBSESOS	–	20,000	–	20,000	750	9.10.04	8.10.11

*or later date of appointment

Benefits in kind
The benefits in kind provided are consistent with those generally provided in the industry and relate principally to the provision of an appropriate fully expensed motor car and health care benefits.

Service contracts
Mr Wilson's service contract is terminable upon the Company or the executive giving one year's notice. The service contracts of the other Executive Directors are terminable upon the Company giving one year's notice or the executive giving six months' notice. Details of Directors standing for re-election and election are given in the Report of the Directors on page 30.

Directors' share options
Details of options over the ordinary share capital of the Company held by the Directors are set out in the table shown above. The mid-market price of the Company's shares was in the range 687.5p to 838.5p during the year. The mid-market price of the Company's shares at

Wilson Bowden Executive Share Option Scheme ("WBESOS")
Options were granted under this scheme between March 1987 and March 1994 and the scheme is now closed in respect of the grant of any new options.

Wilson Bowden Senior Executive Share Option Scheme ("WBSESOS")
Options are only exercisable under the WBSESOS in the event that the growth in the Company's annualised earnings per share in any consecutive three year period after they are granted exceeds the growth in the Retail Prices Index over the same period by at least 3% per annum.

Proposed changes to Share Incentive Schemes
After consultation with its remuneration consultants the Remuneration Committee has recommended to the Board that no new initial awards should be made under the Company's Bonus Share Matching Plan, which will be wound up once existing awards mature. It is proposed to

Remuneration report continued

seek shareholder approval at the 2002 AGM for the introduction of a Performance Share Plan and for modifications to the rules of the WBSESOS to bring the scheme's limits into line with current best practice and the guidelines recommended by the Association of British Insurers. Details of these proposals are set out in the circular mailed to shareholders with this Annual Report.

Bonus Share Matching Plan
Four Executive Directors currently participate in the Bonus Share Matching Plan (the "Plan"). Under the Plan, Executive Directors are required to surrender a proportion of their annual performance related bonus, which is invested in ordinary shares in the Company in quarterly tranches over a three year period. At the end of the three year period and provided corporate performance targets have been met, the shares are released to the participants, together with a number of matching shares. At 31st December 2001 the shares acquired using the bonus surrendered are included in the Directors' share interests disclosed on page 30.

In addition, Mr Richardson, Mr Robertson, Mr Stansfield and Mr Townsend have respectively 1,538, 1,350, 2,954 and 1,070 additional matching shares contingently available to them under the rules of the Plan, subject to the relevant performance criteria being satisfied over a three year period and satisfaction of any charge to income tax when the Director becomes entitled to the shares. In considering eligibility to participate in the Plan, the Remuneration Committee gives consideration to the contribution to overall Group performance by Executives and their overall level of reward.

By order of the Board
G M Brown FCA
Company Secretary
26th February 2002

Directors' responsibilities

Statement of Directors' responsibilities in relation to the financial statements.
The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit or loss of the Group for the financial year.

The Directors consider that, in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Auditors' report

Independent auditors' report to the members of Wilson Bowden plc

We have audited the financial statements of Wilson Bowden plc for the year ended 31st December 2001 which comprise the profit and loss account, the balance sheets, the cash flow statement, the statement of total recognised gains and losses and the related notes 1–23, together with the notes to the cashflow statement. 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, auditing standards, and the Listing Rules of the Financial Services Authority.

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 or the Listing Rules regarding Directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the Directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 affairs of the Company and the Group as at 31st December 2001 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN
26th February 2002

Group profit and loss account

For the years ended 31st December	Notes	2001 £m	2000 £m
Turnover from continuing operations	1	**789.5**	726.8
Cost of sales		**(589.9)**	(557.6)
Gross profit		**199.6**	169.2
Operating expenses		**(48.2)**	(41.5)
Operating profit from continuing operations	1	**151.4**	127.7
Interest payable (net)	2	**(12.2)**	(7.0)
Profit on ordinary activities before taxation	3	**139.2**	120.7
Taxation	4	**(41.8)**	(35.2)
Profit for the financial year		**97.4**	85.5
Equity dividends	5	**(20.9)**	(18.5)
Retained profit for the financial year	19	**76.5**	67.0
Basic earnings per share	6	**104.0p**	91.3p
Diluted earnings per share	6	**103.4p**	91.3p

Statement of total recognised gains and losses

There are no recognised gains or losses other than as shown above.

Balance sheets

At 31st December	Notes	Group 2001 £m	Group 2000 £m	Company 2001 £m	Company 2000 £m
Fixed assets					
Tangible assets	9	**19.2**	16.6	**–**	–
Investments	10	**–**	–	**270.8**	186.4
		19.2	16.6	**270.8**	186.4
Current assets					
Stocks and work in progress	11	**880.4**	731.6	**–**	–
Debtors due within one year	12	**51.2**	32.2	**1.1**	1.9
Debtors due after more than one year	12	**0.7**	4.5	**–**	–
Cash at bank and in hand		**3.5**	–	**3.7**	40.4
		935.8	768.3	**4.8**	42.3
Creditors: amounts falling due within one year	13	**(269.5)**	(215.6)	**(18.3)**	(16.4)
Net current assets/(liabilities)		**666.3**	552.7	**(13.5)**	25.9
Total assets less current liabilities		**685.5**	569.3	**257.3**	212.3
Creditors: amounts falling due after more than one year	13	**(137.0)**	(97.4)	**(124.2)**	(79.8)
Net assets		**548.5**	471.9	**133.1**	132.5
Capital and reserves					
Called up share capital	17	**9.4**	9.4	**9.4**	9.4
Share premium account	17	**104.8**	104.7	**104.8**	104.7
Profit and loss account	19	**434.3**	357.8	**18.9**	18.4
Total equity shareholders' funds	20	**548.5**	471.9	**133.1**	132.5

The accounts were approved by the Board on 26th February 2002 and signed on its behalf by:

D W Wilson
Group Chairman and Chief Executive

I Robertson
Deputy Group Chief Executive and Group Finance Director

Group cash flow statement

For the years ended 31st December	Notes	2001 £m	2001 £m	2000 £m	2000 £m
Operating activities:					
Cash inflow from operating activities before land	(i)	**83.3**		96.6	
Increase in investment in land holdings	(ii)	**(56.0)**		(70.8)	
Net cash inflow from operating activities			**27.3**		25.8
Returns on investments and servicing of finance:					
Interest received		**0.2**		0.4	
Interest paid		**(12.6)**		(6.8)	
Net cash outflow from returns on investments and servicing of finance			**(12.4)**		(6.4)
Taxation:					
Corporation tax			**(40.1)**		(32.3)
Capital expenditure and financial investment:					
Purchase of tangible fixed assets		**(6.3)**		(5.4)	
Sale of tangible fixed assets		**0.4**		3.9	
Net cash outflow from capital expenditure and financial investment			**(5.9)**		(1.5)
Equity dividends paid			**(19.0)**		(16.8)
Cash outflow before financing			**(50.1)**		(31.2)
Financing:					
Issue of ordinary share capital		**0.1**		–	
Increase in debt		**44.4**		40.0	
Net cash inflow from financing			**44.5**		40.0
(Decrease)/increase in cash in the year			**(5.6)**		8.8

Reconciliation of (decrease)/increase in cash to movement in net debt:

For the years ended 31st December	Notes	2001 £m	2000 £m
(Decrease)/increase in cash in the year		**(5.6)**	8.8
Cash inflow from movement in debt		**(44.4)**	(40.0)
Movement in net debt in the year	(iii)	**(50.0)**	(31.2)
Net debt at 1st January		**(86.3)**	(55.1)
Net debt at 31st December	(iii)	**(136.3)**	(86.3)

Notes to Group cash flow statement

(i) Reconciliation of operating profit to net cash inflow from operating activities	2001 £m	2000 £m
Operating profit	**151.4**	127.7
Depreciation	**3.4**	3.2
Profit on sale of tangible fixed assets	**(0.1)**	(0.4)
Increase in stocks and work in progress	**(70.5)**	(49.8)
Increase in operating debtors	**(15.2)**	(7.7)
Increase in operating creditors	**14.3**	23.6
Cash inflow from operating activities before land	**83.3**	96.6
Movement in investment in land holdings (ii)	**(56.0)**	(70.8)
Net cash inflow from operating activities	**27.3**	25.8

(ii) Movement in investment in land holdings	2001 £m	2000 £m
Increase in land holdings excluding creditors	**(78.3)**	(55.3)
Increase/(decrease) in land creditors falling due within one year	**27.1**	(21.6)
(Decrease)/increase in land creditors falling due in more than one year	**(4.8)**	6.1
Increase in investment in land holdings	**(56.0)**	(70.8)

(iii) Analysis of net debt	1st January 2001 £m	Cash flow £m	31st December 2001 £m
Cash at bank and in hand	–	**3.5**	**3.5**
Overdrafts	(6.5)	**(9.1)**	**(15.6)**
	(6.5)	**(5.6)**	**(12.1)**
Debt falling due in more than one year	(79.8)	**(44.4)**	**(124.2)**
Total	(86.3)	**(50.0)**	**(136.3)**

Principal accounting policies

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The more important Group accounting policies, which have been applied consistently, are set out below.

Basis of accounting
The accounts are prepared under the historical cost convention.

Basis of consolidation
The year ends of all the Company's subsidiary undertakings are 31st December and all subsidiary undertakings are included in the Group's consolidated accounts.

The results of subsidiary undertakings acquired or sold are included in the consolidated profit and loss account from, or up to, the date control passes.

Goodwill
Goodwill arising on acquisition is capitalised and amortised over its estimated useful economic life to a maximum of twenty years. Goodwill written off to the profit and loss account under the Group's policy prior to the implementation of FRS 10 'Goodwill and Intangible Assets' has not been reinstated.

Turnover
Turnover comprises the amount receivable for goods and services supplied to customers during the year and the sales value of property development contracts. Intra-Group transactions, value added tax and proceeds from the sales of part-exchange houses and undeveloped land are excluded from turnover.

Proceeds from the sale of newly constructed houses are included in turnover on legal completion. Turnover arising from joint ventures, where the Group undertakes housing development within a partnership agreement, and on long-term contracts is recognised in proportion to the stage of completion reached.

Stocks and work in progress
Stocks, including land held for development and completed and part-exchanged houses, and residential work in progress are valued at the lower of cost and net realisable value. Where the Group undertakes housing development within a partnership agreement, work in progress includes the attributable costs after deducting amounts taken to cost of sales, less progress payments received and receivable.

Development work in progress is valued at the lower of cost and net realisable value less progress payments received and receivable. Cost includes attributable overheads.

Long-term contracts
Profits on short-term property development contracts are recognised on completion. On long-term contracts, profits are not recognised until the outcome of the contract can be ascertained with reasonable certainty.

Amounts recoverable on contracts are included in debtors and stated at cost plus attributable profit less any foreseeable losses. Payments received on account of contracts are deducted from amounts recoverable on contracts. Payments received in excess of amounts recoverable are included in creditors.

Joint arrangements
The Group enters into joint arrangements as part of its housebuilding and property development operations. Such arrangements fall to be classified as joint arrangements not constituting an entity under FRS 9 'Associates and joint ventures'. As such, the Group accounts for its share of income, expenditure, assets, liabilities and cashflows. These amounts are incorporated into the relevant figures within the financial statements. The Directors consider that this departure from the requirement of the Companies Act 1985 to account for investments in undertakings which are joint arrangements as either associates or trade investments is necessary for the financial statements to show a true and fair view because joint arrangements are in substance an extension of the Group's own business.

Depreciation
Depreciation is provided on the original cost of assets in equal annual instalments at the following rates:

Freehold buildings	2%
Plant, equipment and vehicles	10% to 25%
Computers, scaffolding and other assets with short economic lives	20% to 50%

Deferred taxation
The Group does not provide for deferred taxation assets or liabilities unless there is a reasonable probability that the asset or liability will crystallise in the foreseeable future.

Leases
The annual rentals of operating leases are charged to trading profits on a straight line basis over the term of the lease.

Financial instruments
The Group finances its operations through a mixture of retained profits and borrowings. The Group's financial instruments, other than derivatives, comprise cash, borrowings and other items arising directly from its trading operations which include long and short-term debtors and long and short-term land, trade and other creditors. Short-term debtors and creditors have been excluded from the analyses of financial instruments. The Group also enters into derivative transactions in the form of interest rate swaps to manage the interest rate risks arising from the Group's operations and its sources of finance. Gains and losses on the interest rate swaps are recognised in the profit and loss account in the period in which they occur. The Group does not trade in financial instruments.

Pensions
The Group operates a number of defined contribution pension schemes for certain employees. The Group's contributions to the schemes are charged against profits in the year in which the contributions are made.

Bonus Share Matching Plan
The cost to the Company of providing matching shares under the Bonus Share Matching Plan, the award of which is subject to achievement of the total shareholder return performance target, is expensed over the three year performance period.

Notes to the accounts

1 Segmental analysis

	Turnover 2001 £m	Turnover 2000 £m	Profit 2001 £m	Profit 2000 £m	Net assets 2001 £m	Net assets 2000 £m
Continuing operations:						
Housebuilding	**646.7**	568.8	**127.0**	103.5	**519.4**	429.7
Property development	**142.8**	158.0	**24.4**	24.2	**165.4**	128.5
Total United Kingdom	**789.5**	726.8	**151.4**	127.7	**684.8**	558.2
Finance charges	**–**	–	**(12.2)**	(7.0)	**–**	–
Net borrowings	**–**	–	**–**	–	**(136.3)**	(86.3)
	789.5	726.8	**139.2**	120.7	**548.5**	471.9

2 Interest payable (net)

	2001 £m	2000 £m
Interest payable on bank borrowings and other loans	**12.4**	7.4
Interest receivable	**(0.2)**	(0.4)
	12.2	7.0

3 Profit on ordinary activities before taxation

	2001 £000	2000 £000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation	**3,350**	3,216
Profit on disposal of fixed assets	**(97)**	(376)
Rentals under operating leases:		
Hire of plant and equipment including cars	**2,594**	2,553
Other operating leases	**225**	247
Auditors' remuneration:		
Audit (including the Company £18,640 (2000: £12,500))	**100**	96
Other services	**12**	25

4 Taxation

	2001 £m	2000 £m
UK Corporation tax at 30.0% (2000: 30.0%):		
Current	**41.9**	36.2
Prior year adjustment	**(0.1)**	(1.0)
	41.8	35.2

The effective Group tax charge represents 30.0% (2000: 29.2%) of profit on ordinary activities.

5 Equity dividends

	2001 £m	2000 £m
Interim paid of 5.5p (2000: 5.0p) per 10p share	**5.2**	4.7
Proposed final of 16.8p (2000:14.8p) per 10p share	**15.7**	13.8
	20.9	18.5

Notes to the accounts continued

6 Earnings per share

The basic earnings per share figure is calculated by dividing the profit for the financial year of £97.4m (2000: £85.5m) by the weighted average number of shares in issue of 93,652,273 (2000: 93,656,831). The basic earnings per share figures are as follows:

	2001 pence	2000 pence
On the profit for the financial year	**104.0**	91.3

The diluted earnings per share figure is calculated by dividing the profit for the financial year of £97.4m (2000: £85.5m) by the following weighted average number of shares:

Basic earnings per share	2001 000	2000 000
Weighted average number of shares in issue	**93,652**	93,657
Average number of shares in bonus share matching scheme	**31**	23
Average number of shares under option during period	**694**	57
Adjustment for number of shares that would have been issued at fair value	**(140)**	(47)
Weighted average number of shares for calculating diluted earnings per share	**94,237**	93,690

7 Parent company

As permitted by Section 230 of the Companies Act 1985, Wilson Bowden plc has not presented its own profit and loss account. The consolidated profit for the financial year includes a profit of £21.4m (2000: £17.7m) dealt with in the financial statements of the holding company.

8 Staff costs

	2001 £m	2000 £m
Employee costs (including Directors):		
Wages and salaries	**48.7**	41.3
Social security costs	**4.8**	4.2
Other pension costs	**2.9**	2.2
	56.4	47.7

Details of Directors' fees and salaries, bonuses, pensions, benefits in kind and other benefit schemes specified for audit by the UK Listing Authority and as required by the Companies Act 1985 are set out in the remuneration report on page 34 and details in respect of Directors' share options are given on page 35.

	2001 Number	2000 Number
The average number of persons employed during the year was as follows:		
Building	**1,357**	1,315
Sales	**287**	272
Administration	**414**	369
	2,058	1,956

9 Fixed assets – tangible assets

	Group Freehold land & buildings £m	Group Plant, equipment & vehicles £m	Group Total £m
Cost			
1st January 2001	11.6	18.9	30.5
Additions	2.5	3.8	6.3
Disposals	–	(1.7)	(1.7)
31st December 2001	14.1	21.0	35.1
Depreciation			
1st January 2001	1.2	12.7	13.9
Eliminated on disposal	–	(1.4)	(1.4)
Charge for the year	0.3	3.1	3.4
31st December 2001	1.5	14.4	15.9
Net book value			
31st December 2001	12.6	6.6	19.2
31st December 2000	10.4	6.2	16.6

Authorised future capital expenditure which was contracted, but not provided for in these accounts, amounted to £417,000 (2000: £247,000).

10 Fixed assets – investments

	Company 2001 £m	Company 2000 £m
Shares in subsidiary undertakings	16.6	16.6
Loans to subsidiary undertakings	255.2	170.8
Loans from subsidiary undertakings	(1.0)	(1.0)
Investments in subsidiary undertakings	270.8	186.4

Details of the principal subsidiary undertakings of the Company, which are all wholly owned and registered in England, are set out on the inside back cover of this report. Shares in Wilson Bowden Group Services plc are included at cost, £11.1m. Shares in other subsidiary undertakings are recorded at the nominal value of the shares issued when each subsidiary undertaking was acquired.

With the exception of preference shares in Wilson Bowden Group Services plc, included at an acquired cost of £3.0m, all shareholdings in these subsidiary undertakings are of ordinary shares.

The Company has established a deferred bonus plan known as 'The Wilson Bowden plc Bonus Share Matching Plan' which involves the purchase of shares in the market for distribution to senior management (including Executive Directors) at a later date. All shares at the year end are held in trust until such time as they may be transferred to employees in accordance with the terms of the Plan, details of which are given on page 36.

The Trustee's costs are included in the operating expenses of the Company.

As at 31st December 2001, the number of shares held by the Trust totalled 33,391 10p ordinary shares (2000: 28,137) with a market value of £0.3m (2000: £0.2m). Dividends on these shares have been waived. The movement in the number of shares during the year represents the number of shares acquired, for a consideration of £0.1m (2000: 28,137 shares, for a consideration of £0.1m). The share capital held represents 0.04% (2000: 0.03%) of called up share capital.

Notes to the accounts continued

11 Stocks and work in progress

	Group 2001 £m	Group 2000 £m
Land holdings	**598.2**	519.9
Housebuilding and development	**230.1**	160.8
Showhomes and part-exchange properties	**52.1**	50.9
	880.4	731.6

12 Debtors

	Group 2001 £m	Group 2000 £m	Company 2001 £m	Company 2000 £m
Due within one year:				
Trade debtors	**41.8**	24.8	**–**	–
Amounts owed by Group undertakings	**–**	–	**1.1**	1.9
Other debtors	**9.4**	7.4	**–**	–
	51.2	32.2	**1.1**	1.9
Due after more than one year:				
Trade debtors	**0.7**	4.5	**–**	–

13 Creditors

	Group 2001 £m	Group 2000 £m	Company 2001 £m	Company 2000 £m
Amounts falling due within one year:				
Bank and other loans and overdrafts	**15.6**	6.5	**–**	–
Payments in advance	**2.3**	1.4	**–**	–
Trade creditors	**67.1**	55.3	**–**	–
Land creditors				
(secured £18.4m (2000: £7.3m))	**69.5**	42.4	**–**	–
Amounts owed to Group undertakings	**–**	–	**1.0**	1.0
Other creditors	**14.4**	15.9	**–**	–
Corporation tax	**28.6**	26.9	**0.2**	0.1
Other taxes and social security	**2.8**	2.4	**–**	–
Accruals	**53.5**	51.0	**1.4**	1.5
Dividend	**15.7**	13.8	**15.7**	13.8
	269.5	215.6	**18.3**	16.4
Amounts falling due after more than one year:				
Land creditors repayable in less than five years:				
otherwise than by instalments (secured £1.9m (2000: £9.0m))	**12.8**	17.6	**–**	–
Bank loans repayable in less than five years:				
Otherwise than by instalments	**44.4**	–	**44.4**	–
Loans repayable after more than five years:				
Otherwise than by instalments	**79.8**	79.8	**79.8**	79.8
	137.0	97.4	**124.2**	79.8
Total creditors	**406.5**	313.0	**142.5**	96.2
Comprising:				
Bank and other loans and overdrafts (note 14)	**139.8**	86.3	**124.2**	79.8
Other creditors	**266.7**	226.7	**18.3**	16.4

14 Borrowings and financial instruments

The Group finances its operations through a mixture of retained profits and borrowings. The Group's financial instruments comprise cash, borrowings and other items arising directly from its trading operations which include long and short-term debtors, and long and short-term land, trade and other creditors. Short-term debtors and creditors have been excluded from the following analyses. The Group has historically entered into derivative transactions in the form of interest rate swaps to manage the interest rate risks arising from the Group's operations and its sources of finance. The Group does not trade in financial instruments.

The main risks arising from the Group's financial instruments are liquidity and interest rate risks.

(i) Liquidity risk

The profile of the Group's borrowing facilities is representative of the nature of its activities, being a combination of medium and long-term projects. During 1999 the Group reviewed its funding policy and took the decision to extend the average maturity of its facilities. Accordingly, £40.0m of 10-year fixed debt was borrowed in 1999, and a further £40.0m of 10-year fixed debt was acquired during 2000. The average annual interest rate on this debt is 7.2%. At the year end 57% of the Group's borrowings were due to mature after more than 5 years. The average maturity of the committed facilities was 3.8 years. The Group's policy is to monitor current and forecast gearing levels with borrowings normally remaining within the level of the committed facilities. At 31st December 2001 the Group's gearing was 24.8% (2000: 18.3%).

(ii) Interest rate risks

As at 31st December 2001, the Company had no interest rate swap arrangement for hedging purposes (2000: £Nil). Historically the Group has borrowed at floating rates of interest and then used interest rate swaps to generate the required interest profile and to manage the Group's exposure to interest rate fluctuations, based on cash flow and interest rate forecasts. At 31st December 2001, 57% of the debt was at fixed rates. The year end borrowings position was not typical due to the cyclical pattern of the receipts of both housing and property development completion monies throughout the year.

No interest is payable on long-term land creditors. Bank borrowings are all unsecured with floating interest rates linked to money market rates; LIBOR, EBBR and base rate. The floating rates are fixed in advance for periods generally ranging from one to three months. Short-term flexibility is achieved through the use of overdraft and short-term committed and uncommitted bank facilities. Floating rate financial assets are linked to UK base rate.

The interest rate profile of the Group's financial assets and liabilities, which are all sterling balances, at 31st December 2001 was:

	Group 2001 £m	Group 2000 £m
Floating rate financial assets	**(4.2)**	(4.5)
Floating rate financial liabilities	**60.0**	6.5
Fixed rate financial liabilities	**79.8**	79.8
Financial liabilities on which no interest is paid	**12.8**	17.6
Gross financial liabilities	**152.6**	103.9

Financial assets comprise cash at bank of £3.5m (2000: £nil) and long-term trade debtors of £0.7m (2000: £4.5m). The weighted average interest rate for the fixed rate financial liabilities was 7.2% for 2001 (2000: 6.8%), with, at 31st December 2001, a weighted average period of 8.1 years (2000: 9.1 years) for which the rate is fixed. The weighted average period until maturity of the financial liabilities on which no interest is paid is 2.3 years (2000: 2.3 years).

(iii) Maturity of financial liabilities

The maturity of the Group's financial liabilities at 31st December was as follows:

	Group 2001 £m	Group 2000 £m
In one year or less or on demand	**15.6**	6.5
In more than one year but not more than two years	**9.5**	12.5
In more than two years but not more than five years	**47.7**	5.1
In more than five years	**79.8**	79.8
	152.6	103.9

14 Borrowings and financial instruments (continued)

Included within the above are the following amounts relating to bank and other loans and overdrafts:

	Group 2001 £m	Group 2000 £m
Bank overdrafts	**15.6**	6.5
Bank loans repayable otherwise than by instalments		
Amounts falling due:		
In more than two years but not more than five years	**44.4**	–
In five years or more	**80.0**	80.0
Less issue costs	**(0.2)**	(0.2)
Bank and other loans and overdrafts (note 13)	**139.8**	86.3

Loans repayable otherwise than by instalments falling due in five years or more are £80.0m of unquoted 10-year sterling loan notes, £40.0m of which are repayable in April 2009, with the balance repayable in October 2010. These notes carry interest at an average rate of 7.2% and are unsecured.

(iv) Borrowing facilities

The Group currently has sterling bank and other borrowing facilities amounting to £440.0m. Committed facilities amount to £377.5m, of which £212.5m are available under short and medium-term committed lines. All facilities are unsecured. All bank facilities are subject to floating interest rates linked to money market rates. The terms of the £80.0m of long-term facilities are set out above.

The undrawn committed borrowing facilities available to the Group at 31st December 2001, in respect of which all conditions precedent had been met, had the following spread of maturity:

	Group 2001 £m	Group 2000 £m
Expiring in one year or less	**66.9**	102.1
Expiring in more than one year but not more than two years	**5.0**	20.0
Expiring in more than two years	**180.6**	77.5
	252.5	199.6

(v) Fair value of financial liabilities

Set out below is a comparison by category of book values and fair value of the Group's financial liabilities:

	Group 2001 Book value £m	Group 2001 Fair value £m	Group 2000 Book value £m	Group 2000 Fair value £m
Primary financial instruments held or issued to finance the Group's operations:				
Short-term borrowings (net of cash in hand £3.5m (2000: £nil))	**12.1**	**12.1**	6.5	6.5
Medium-term borrowings	**44.4**	**44.4**	–	–
Long-term borrowings	**79.8**	**84.7**	79.8	81.3
Land creditors	**12.8**	**12.8**	17.6	17.6
Long-term debtors	**(0.7)**	**(0.7)**	(4.5)	(4.5)
	148.4	**153.3**	99.4	100.9

The fair values of long-term borrowings have been calculated by discounting expected future cash flows at prevailing interest rates. There is no material difference between the book value and the fair value of the Group's other financial assets and liabilities.

(vi) Gains and losses on financial liabilities held for hedging purposes

The Group's policy is to hedge a proportion of interest rate risk using interest rate swaps. Gains and losses on the interest rate swaps are recognised in the profit and loss account in the period in which they occur.

15 Provisions for liabilities and charges – deferred taxation

Contingent amounts not recognised at 30% (2000: 30%):	Group 1st January 2001 £m	Amounts utilised in the year £m	Group 31st December 2001 £m
Accelerated capital allowances	(0.2)	–	**(0.2)**
Other short-term timing differences	(0.2)	**0.1**	**(0.1)**
Deferred tax asset not recognised	(0.4)	**0.1**	**(0.3)**

16 Contingent liabilities

Wilson Bowden plc has guaranteed the repayment of the bank loans, overdrafts and financial guarantees made available to its subsidiary undertakings. At 31st December 2001, liabilities outstanding under these bank loans and overdrafts amounted to £19.4m (2000: £47.5m). Contingent liabilities in respect of subsidiary undertakings' financial guarantees amounted to £43.7m (2000: £43.1m). In addition, the Group has entered into counter indemnities in the normal course of business in respect of performance bonds. Certain subsidiary undertakings have commitments for the purchase of trading stock entered into in the normal course of business.

17 Share capital and share premium

	Share capital – ordinary shares of 10p each		
	Allotted, called up and fully paid Number	**Allotted, called up and fully paid £m**	**Share premium account £m**
1st January 2001	**93,679,566**	**9.4**	**104.7**
Shares issued during the year	**17,625**	**–**	**0.1**
31st December 2001	**93,697,191**	**9.4**	**104.8**

The authorised share capital at 31st December 2001 amounted to £12.5m (2000: £12.5m), comprising 125,000,000 ordinary shares of 10p each (2000: 125,000,000).

The aggregate consideration received in respect of the issue of new shares was £0.1m.

18 Share option scheme

At 31st December 2001, all outstanding options to purchase ordinary shares in Wilson Bowden plc, in accordance with the terms of the applicable scheme are as follows:

Dates between which options are exercisable	Number of shares	Price per share
Executive share option scheme		
25.3.1999 – 24.3.2004	40,000	517p
Senior executive share option scheme:		
4.5.2003 – 3.5.2010	514,000	604p
15.6.2003 – 4.6.2010	56,000	606p
9.10.2004 – 8.10.2011	295,000	750p
	865,000	
Total number of shares under option	905,000	

The movement in options during the year was:

	Number of shares
1st January 2001	627,625
Granted	310,000
Exercised	(17,625)
Lapsed	(15,000)
31st December 2001	905,000

Notes to the accounts continued

19 Profit and loss account

	Group £m	Company £m
1st January 2001	357.8	18.4
Retained profit	76.5	0.5
31st December 2001	434.3	18.9

The cumulative amount of goodwill written off to reserves is £8.1m (2000: £8.1m).

Goodwill has been eliminated as a matter of accounting policy and would be credited in the profit and loss account on any future disposal of the business to which it is related.

20 Reconciliation of movement in shareholders' funds

	Group 2001 £m	Group 2000 £m
Profit for the financial year	97.4	85.5
Equity dividends (note 5)	(20.9)	(18.5)
Retained profit for the financial year	76.5	67.0
New share capital subscribed	0.1	–
Net addition to shareholders' funds	76.6	67.0
Shareholders' funds at 1st January	471.9	404.9
Shareholders' funds at 31st December	548.5	471.9

21 Other financial commitments

At 31st December 2001 the Group has annual commitments under non-cancellable operating leases as follows:

	Land & buildings 2001 £m	Other 2001 £m	Land & buildings 2000 £m	Other 2000 £m
Expiring within one year	–	0.5	–	0.7
Expiring between two and five years	–	2.2	–	1.7
Expiring in over five years	0.2	–	0.2	–
	0.2	2.7	0.2	2.4

22 Related party transactions

During the year Mr I Robertson, a Director of the Company, acquired a newly constructed residential dwelling house from David Wilson Homes Limited, a subsidiary of the Company, for a consideration of £290,000. The transaction, which was on arms length terms generally available to employees, was approved by shareholders at the Annual General Meeting on 9th May 2001 and was legally completed on 18th May 2001.

The Company has taken advantage of the exemption in FRS 8 (Related Party Disclosures) not to disclose transactions with other Group Companies.

23 Pensions

The Group operates a number of defined contribution pension schemes for certain employees, under which the Group has no obligation other than to make regular contributions to independent investment managers at a predetermined proportion of each participating employee's salary.

The Group's contributions to these defined contribution pension schemes amounted to £2,854,700 (2000: £2,215,268) and are charged against profits of the year in which the contributions are made.

Group financial record

		2001	2000	1999	1998	1997
Turnover	£m	**789.5**	726.8	610.4	532.5	459.6
Operating profit before exceptional items	£m	**151.4**	127.7	104.2	86.3	70.9
	%	**19.2**	17.6	17.1	16.2	15.4
Exceptional item						
Exceptional pension scheme refund	£m	–	–	–	7.8	–
Interest cover	times	**12.4**	18.2	28.9	16.8	18.2
Profit before tax						
Including exceptional item	£m	**139.2**	120.7	100.6	88.5	67.0
	%	**17.6**	16.6	16.5	16.6	14.6
Excluding exceptional item	£m	**139.2**	120.7	100.6	80.7	67.0
	%	**17.6**	16.6	16.5	15.2	14.6
Earnings attributable to equity shareholders	£m	**97.4**	85.5	70.9	62.1	45.6
Weighted average shares in issue	m	**93.7**	93.7	93.7	93.6	93.6
Earnings per share:						
Basic	p	**104.0**	91.3	75.7	66.3	48.7
Excluding effect of exceptional pension scheme refund	p	**104.0**	91.3	75.7	61.3	48.7
Dividend on ordinary shares	£m	**20.9**	18.5	16.2	14.0	11.7
Dividend per share	p	**22.3**	19.8	17.25	15.0	12.5
Dividend cover	times	**4.7**	4.6	4.4	4.4	3.9
Profit retained in business	£m	**76.5**	67.0	54.7	48.1	33.9
Retained profit plus depreciation	£m	**79.9**	70.2	58.5	51.5	37.0
Capital employed	£m	**684.8**	558.2	460.0	395.3	339.4
Net borrowings	£m	**(136.3)**	(86.3)	(55.1)	(45.2)	(37.4)
Total equity shareholders' funds	£m	**548.5**	471.9	404.9	350.1	302.0
Equity shareholders' funds per share	p	**585.4**	503.7	432.2	373.8	322.6
Net gearing	%	**24.8**	18.3	13.6	12.9	12.4
Return on average capital employed (i), (ii)	%	**24.4**	25.1	24.4	23.5	22.4
Return on average equity shareholders' funds after tax (i)	%	**19.1**	19.5	18.8	17.6	16.0
Total employees	number	**2,058**	1,956	1,750	1,575	1,312
Sales per employee	£	**383,600**	371,600	348,800	338,100	350,300
Operating profit per employee (i)	£	**73,600**	65,300	59,500	54,800	54,000
Housebuilding						
Completions	number	**3,908**	3,604	3,623	3,287	3,007
Average selling price	£	**165,500**	157,800	139,800	128,300	116,200
Turnover						
Housebuilding	£m	**646.7**	568.8	506.4	421.8	349.5
Property development	£m	**142.8**	158.0	104.0	110.7	110.1
Operating profit						
Housebuilding (i)	£m	**127.0**	103.5	84.1	67.3	52.0
	%	**19.6**	18.2	16.6	16.0	14.9
Property development	£m	**24.4**	24.2	20.1	19.0	18.9
	%	**17.1**	15.3	19.3	17.2	17.2
Land holdings						
Housebuilding	£m	**496.1**	412.1	364.0	291.8	259.2
Property development	£m	**102.1**	107.8	100.6	70.6	51.8
Return on average capital employed						
Housebuilding (ii)	%	**26.8**	26.6	26.0	23.7	20.8
Property development (ii)	%	**16.6**	20.2	19.3	22.8	28.5

(i) Stated before exceptional items

(ii) Return on average capital employed is obtained by dividing operating profit by average capital employed

Financial calendar

Publication of results	
Unaudited interim statement for the six months to 30th June	Early September
Preliminary announcement of the results for the year to 31st December	Early March
Report and accounts for the year to 31st December	Mid March

Payment of dividends	
Interim dividend	Early November
Final dividend	Late May

Announcements of results and other relevant information released to the London Stock Exchange can be found on the Company's web site: www.wilsonbowden.plc.uk.

Analysis of shareholders

	Number of shareholders	% of equity held
Institutional shareholders	508	54.4
Directors	8	38.6
Directors non-beneficial	2	2.4
General public	845	4.6
31st December 2001	1,363	100.0

Group advisors and other information

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