

Birch Developments Limited

Directors' report and financial statements

30 September 1995

Registered number 01917322



Birch Developments Limited

Directors' report and financial statements

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Birch Developments Limited

Directors and advisors

Directors	PJ Gadsby N Hopkin FCA ATII CJ Endsor BSc
Secretary	JA Cox BA ACA
Registered office	Cedar House 35 Ashbourne Road Derby DE22 3FS
Auditors	KPMG 5 Stuart Street Derby DE1 2EQ
Bankers	Royal Bank of Scotland plc Nottingham Old Market Square 8 South Parade Nottingham NG1 2JS Royal Bank of Scotland plc 41 Cornmarket Derby DE1 2DH
Solicitors	Bakewells 64 Friargate Derby DE1 1DL Edwards Geldard St Michael's Court St Michael's Lane Derby DE1 3HQ Shacklocks 19 The Rope Walk Nottingham NG1 5DU

Birch Developments Limited

Directors' report

The directors present their report and audited financial statements for the year ended 30 September 1995.

Principal activities and business review

The principal activity of the company is commercial property development.

The company has successfully completed major developments in the office, leisure and higher education sectors. Further development opportunities exist on key sites for 1996 throughout the East Midlands region.

Results and dividends

The results for the year are set out on page 7 to the financial statements. The directors have not recommended the payment of a dividend (1994: £37k).

Fixed assets

The changes in fixed assets during the year are summarised in note 7 to the financial statements.

Directors

None of the directors had any interests in the shares of the company at any time during the year.

The interests of the directors in the ultimate parent company are shown in that company's financial statements.

Statement of directors' responsibilities

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

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

Birch Developments Limited

Director's report *(continued)*

Statement of directors' responsibilities *(continued)*

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

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

In accordance with Section 385 of the Companies Act 1985 a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



JA Cox
Secretary

Cedar House
35 Ashbourne Road
Derby
DE22 3FS

1 December 1995



5 Stuart Street
Derby
DE1 2EQ

Report of the auditors to the members of Birch Developments Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on pages 2 and 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 as at 30 September 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

1 December 1995

Birch Developments Limited

Statement of accounting policies

The significant accounting policies adopted are as follows:

Accounting convention

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

Turnover

Turnover represents the invoiced value of sales and other services provided during the year, exclusive of value added tax.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. In respect of finished goods and work in progress, cost represents the cost of purchase and an appropriate proportion of fixed and variable overheads. Net realisable value is the estimated selling price after allowing for the cost of realisation.

Depreciation and amortisation

Fixed assets are depreciated on a straight line basis over their estimated useful lives at rates which reduce them to their estimated residual value. The principal rates adopted are as follows:

Motor vehicles	25%
Fixtures and fittings	25%

Leased assets and hire purchase

Assets acquired by leasing arrangements which give rights approximating to ownership ('finance leases') and similar hire purchase agreements are capitalised at the amount representing the outright purchase price of such assets and are depreciated in line with assets purchased outright.

The capital element of future rentals is treated as a liability and the interest element is charged to the profit and loss account over the period of the lease in proportion to the balance outstanding.

Expenditure on leases other than finance leases ('operating leases') is charged to the profit and loss account on a straight line basis over the lease period.

Taxation

The charge for taxation is based upon the profit for the year and takes into account deferred taxation on timing differences to the extent that a liability is expected to arise in the foreseeable future.

Pension costs

Pension costs are charged to the profit and loss account in the year in which they are incurred.

Birch Developments Limited

Statement of accounting policies *(continued)*

Cashflow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking.

Birch Developments Limited

Profit and loss account

For the year ended 30 September 1995

	Notes	1995 £000	1994 £000
Turnover	1	8,124	4,650
Cost of sales		(7,962)	(3,998)
Gross profit		162	652
Administrative expenses		(137)	(434)
Operating profit		25	218
Interest receivable		3	3
Interest payable	4	(1)	(3)
Profit on ordinary activities before taxation	5	27	218
Tax on profit on ordinary activities	6	(5)	(72)
Profit on ordinary activities after taxation		22	146
Equity dividend proposed		-	(37)
Retained profit for the year	15	22	109

The company had no recognised gains or losses other than those disclosed above.

All results were derived from continuing activities.

Birch Developments Limited

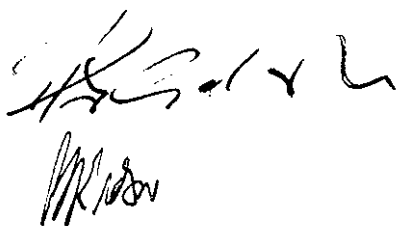
Balance sheet

as at 30 September 1995

	Notes	1995 £000	1994 £000
Fixed assets			
Tangible assets	7	8	12
Current assets			
Stocks	8	1,386	976
Debtors	9	2,374	495
		<u>3,760</u>	<u>1,471</u>
Creditors: amounts falling due within one year	10	<u>(3,509)</u>	<u>(1,244)</u>
Net current assets		<u>251</u>	<u>227</u>
Total assets less current liabilities		<u>259</u>	<u>239</u>
Creditors: amounts falling due after more than one year	11	<u>-</u>	<u>(2)</u>
		<u>259</u>	<u>237</u>
Capital and reserves		<u></u>	<u></u>
Called up share capital	14	72	72
Profit and loss account	15	187	165
Shareholders' funds - equity interests		<u>259</u>	<u>237</u>

These accounts were approved by the Board of Directors on 1 December 1995 and signed on its behalf by:

PJ Gadsby
CJ Endson
Directors



Birch Developments Limited

Notes

(forming part of the financial statements)

1 Turnover

The turnover and profit before taxation are attributable to the principal activities of the company and arose entirely in the United Kingdom.

2 Directors and employees

The average number of persons (including directors) employed by the company during the year was:

	1995 Number	1994 Number
Management and administration	4	5

The aggregate payroll costs were:

	1995 £000	1994 £000
Wages and salaries	37	68
Social security costs	3	5
Other pension costs	2	4
	<u>42</u>	<u>77</u>

3 Directors' emoluments

	1995 £000	1994 £000
Directors' emoluments (including pension contributions)	Nil	39

The pension contributions paid to the directors in the year amounted to £nil (1994: £1k). Excluding pension contributions, the emoluments of the chairman were £nil (1994: £nil) and the highest paid director were £nil (1994: £37k).

The number of directors (including the chairman and highest paid director) who received emoluments in the year (excluding pension contributions) in the following ranges were:

	1995 Number	1994 Number
£0 - £5,000	3	4
£35,001 - £40,000	-	1

Birch Developments Limited

Notes (continued)

4 Interest payable

	1995 £000	1994 £000
On bank loans and other loans wholly repayable within five years	152	131
Project specific interest included in cost of sales	(152)	(131)
	<u>-</u>	<u>-</u>
Interest payable on hire purchase and finance lease contracts	1	3
	<u>1</u>	<u>3</u>
	<u><u>1</u></u>	<u><u>3</u></u>

5 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting) the following:

	1995 £000	1994 £000
Profit on disposal of fixed assets	-	(1)
Depreciation of tangible fixed assets	5	8
Auditors' remuneration		
- for audit services	3	3
Rents receivable	(7)	(28)
Hire of plant and machinery	-	3
	<u>-</u>	<u>3</u>
	<u><u>-</u></u>	<u><u>3</u></u>

6 Taxation

The taxation charge is based on the results for the year and comprises:

	1995 £000	1994 £000
UK Corporation tax at 33% (1994: 33%)	8	72
Prior year adjustment	(3)	-
	<u>5</u>	<u>72</u>
	<u><u>5</u></u>	<u><u>72</u></u>

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Notes (continued)

7 Tangible fixed assets

	Fixtures and fittings £000	Motor vehicles £000	Total £000
<i>Cost</i>			
At 1 October 1994	-	19	19
Additions	1	-	1
At 30 September 1995	1	19	20
<i>Depreciation</i>			
At 1 October 1994	-	7	7
Charge for the year	-	5	5
At 30 September 1995	-	12	12
<i>Net book value</i>			
At 30 September 1995	1	7	8
At 30 September 1994	-	12	12

Included in motor vehicles is £7k (1994: £12k) in respect of the net book value of assets acquired under hire purchase agreements, on which the depreciation charge for the year amounted to £5k (1994: £4k).

8 Stocks

	1995 £000	1994 £000
Long term balances:-		
Net costs less foreseeable losses	1,361	951
Finished goods	25	25
	1,386	976

No interest has been included in stock (1994: £126k).

Birch Developments Limited

Notes (continued)

9 Debtors

	1995 £000	1994 £000
Trade debtors	234	13
Amounts owed by parent and fellow subsidiary undertakings	1,908	406
Other debtors	228	76
Prepayments and accrued income	4	-
	<u>2,374</u>	<u>495</u>

10 Creditors: amounts falling due within one year

	1995 £000	1994 £000
Bank loans and overdrafts	3,103	528
Hire purchase obligations	2	6
Trade creditors	25	103
Amounts owed to fellow subsidiary undertakings	-	105
Proposed dividend	-	37
Corporation tax	8	72
Other taxes and social security	37	193
Other creditors	5	2
Accruals and deferred income	329	198
	<u>3,509</u>	<u>1,244</u>

The bank loans and overdrafts are secured by fixed charges over certain development properties owned by the company.

11 Creditors: amounts falling due after more than one year

	1995 £000	1994 £000
Hire purchase obligations	-	2

12 Obligations under finance leases and similar hire purchase contracts

The hire purchase payments to which the company was committed at 30 September 1995 are due within the following periods from the balance sheet date.

	1995 £000	1994 £000
Within one year	2	7
Between two and five years	-	2
	<u>2</u>	<u>9</u>
Less: Interest allocated to future periods	-	(1)
	<u>2</u>	<u>8</u>

Birch Developments Limited

Notes (continued)

13 Provisions for liabilities and charges

Deferred taxation

There was no provision for deferred taxation in the year (1994: £nil). The maximum potential deferred tax liability at 30 September 1995 was £nil (1994: £nil).

14 Called up share capital

	1995 £000	1994 £000
<i>Authorised</i>		
Ordinary shares of 10p each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of 10p each	72	72
	<hr/>	<hr/>

15 Reserves

	Share capital £000	Profit and loss account £000
At 1 October 1994	72	165
Retained profit for the year	-	22
	<hr/>	<hr/>
At 30 September 1995	72	187
	<hr/>	<hr/>

16 Reconciliation of movements in shareholders' funds

	1995 £000	1994 £000
Retained profit for the year	22	109
Opening shareholders' funds	237	128
	<hr/>	<hr/>
Closing shareholders' funds	259	237
	<hr/>	<hr/>

17 Pension commitments

The company belongs to the group's defined contribution pension scheme for certain directors and employees. The scheme funds are administered by an insurance company and are independent of the group's finances. The contributions to the scheme are charged against profits in the year in which they are made. The charge for the period was £2k (1994: £4k). Pension costs accrued at the year end were £2k (1994: £nil).

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Notes *(continued)*

16 **Capital commitments**

There was no capital expenditure, authorised or contracted for at 30 September 1995 which was not provided for in the accounts (1994: £nil).

17 **Contingent liabilities**

An unlimited cross guarantee is in place for all group companies in respect of any bank loans and overdrafts of the group. At 30 September 1995 total bank loans and overdrafts relating to other group companies amounted to £5,956k (1994: £2,469k). This does not, however, take into account group credit bank balances of £7,004k (1994: £2,614k).

18 **Ultimate parent company**

The ultimate parent company is Birch plc, a company incorporated in the United Kingdom and registered in England and Wales. Copies of that company's accounts can be obtained from the registered office at Cedar House, 35 Ashbourne Road, Derby DE22 3FS.