

12-05-92

B I R C H D E V E L O P M E N T S p l c

(Company Number:- 01917322)

ANNUAL REPORT

30TH SEPTEMBER 1991

COMPANY NO. 01917322
- 7103 0992

B I R C H D E V E L O P M E N T S p l c

C O N T E N T S

	PAGE
Directors and Advisors	1
Directors' Report	3
Auditors' Report	4
Statement of Accounting Policies	5
Profit and Loss Account	7
Balance Sheet	8
Source and Application of Funds	9
Notes to the Accounts	11

B I R C H D E V E L O P M E N T S p 1 c

DIRECTORS AND ADVISORS

DIRECTORS: P J Gadsby M.Inst.M.
K G W Litting F.C.C.A., A.C.M.A.
N Hopkin F.C.A., A.T.I.I.

SECRETARY: K G W Litting F.C.C.A., A.C.M.A.

REGISTERED OFFICE: Cedar House
35 Ashbourne Road
Derby
DE3 3FQ

AUDITORS: KPMG Peat Marwick
Peat House
Stuart Street
Derby
DE1 2EQ

SOLICITORS: Bakewells
64 Friargate
Derby
DE1 1OL

Edwards Geldard
St Michaels Court
St Michaels Lane
Derby
DE1 3HQ

Flint, Bishop and Barnett
P.O. Box 93
37/38 Irongate
Derby
DE1 2DH

Gadsby Coxon & Copestake
Sterne House
Lodge Lane
Derby
DE1 3WD

B I R C H D E V E L O P M E N T S p l c

DIRECTORS AND ADVISORS (Continued)

BANKERS:

Royal Bank of Scotland plc
41 Cornmarket
Derby
DE1 2DH

Barclays Bank plc
St James's Street
Derby
DE1 1QH

Midland Bank plc
1 St Peter's Street
Derby
DE1 1SR

BIRCH DEVELOPMENTS plc

DIRECTORS' REPORT

The Directors present their report and audited accounts for the year ended 30th September 1991.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The main activities of the Company, which are unchanged since last year, are that of property development and the ownership of property for investment. On 18th December 1990 the Company transferred its interest in Westergate Interiors Limited to a new holding company, Smooth Turn Ltd, established under an Inland Revenue Approved Demerger, for a nominal consideration. Birch plc, a company incorporated on 29th November 1990 under the Demerger, acquired 100% of the issued share capital of Birch Developments plc at the same time, in exchange for the issue of ordinary shares. Following this Demerger the trade and assets of Birch Developments plc were transferred to Birch plc on 30th September 1991. All of the assets of Birch Developments plc were transferred at their book values except for trading stock which was transferred at an agreed value.

RESULTS AND DIVIDEND

The loss for the year after taxation and exceptional items amounted to £671k. An interim dividend of £16k was declared. No final dividend is proposed.

TANGIBLE FIXED ASSETS

The changes in fixed assets during the year are summarised in note 10 to the accounts.

DIRECTORS

The Directors and their beneficial interests in the shares of the ultimate parent company at the beginning and end of the year were as follows:

	Ordinary shares of 10p each	
	1991	1990
P J Gadsby	500,000	-
K G W Litting	85,570	-
N Hopkin	-	-

AUDITORS

In accordance with Section 385 of the Companies Act 1985 a resolution proposing the re-appointment of KPMG Peat Marwick as the Company's auditors will be put to the Annual General Meeting.

By order of the board,

K G W Litting,
Secretary

REPORT OF THE AUDITORS, KPMG PEAT MARWICK

TO THE MEMBERS OF
BIRCH DEVELOPMENTS plc

We have audited the accounts on pages 5 to 17 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 30th September 1991 and of the loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Derby

30.4.92

KP-14 Peat Marwick.

Chartered Accountants
Registered Auditor

B I R C H D E V E L O P M E N T S p l c

STATEMENT OF ACCOUNTING POLICIES

The financial accounts on pages 7 to 17 have been prepared under the historic cost convention and in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies which have been applied consistently are set out below.

TURNOVER

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

STOCKS

Stocks 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

Freehold land and long leasehold land are not depreciated. Plant, equipment and vehicles are depreciated over their estimated useful lives at rates which reduce them to their estimated residual value. The annual bases and principal rates adopted are as follows:

On a straight line basis:

Plant and equipment	15%
Motor vehicles	25%
Fixtures and fittings	25%

LEASED ASSETS

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 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.

B I R C H D E V E L O P M E N T S p l c

STATEMENT OF ACCOUNTING POLICIES
(Continued)

TAXATION

The charge for taxation is based upon the loss 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.

INVESTMENTS

Fixed asset investments are valued at cost except where there is evidence of a permanent diminution in value. Investment properties are revalued annually and any surplus on revaluation is transferred to a revaluation reserve. Deficits are set firstly against any existing revaluation reserve and then against the profit and loss reserve. No depreciation is provided.

PENSION COSTS

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

B I R C H D E V E L O P M E N T S p l c

PROFIT AND LOSS ACCOUNT

for the year ended 30th September 1991

	Notes	1991 £'000	1990 £'000
Turnover	1	3,487	6,504
Cost of Sales		(2,997)	(5,508)
		<hr/>	<hr/>
GROSS PROFIT		490	996
Administrative expenses		(421)	(408)
		<hr/>	<hr/>
OPERATING PROFIT		69	588
Interest receivable	4	10	-
Interest payable	5	(74)	(130)
Exceptional item	6	(600)	-
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	(595)	458
Tax on (loss)/profit on ordinary activities	8	(76)	(154)
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(671)	304
Extraordinary loss after taxation	9	(66)	-
		<hr/>	<hr/>
(Loss)/Profit for the financial year		(737)	304
Dividend		(16)	(50)
		<hr/>	<hr/>
RETAINED (LOSS)/PROFIT FOR THE YEAR		(753)	254
Retained profit brought forward		763	509
Retained profit carried forward		<hr/>	<hr/>
		10	763
		=====	=====

The notes on pages 11 to 17 form part of these accounts.

B I R C H D E V E L O P M E N T S p l c

B A L A N C E S H E E T

as at 30th September 1991

	Notes	1991 £'000	1990 £'000
FIXED ASSETS			
Tangible assets	10	-	751
Investments	11	-	94
		-	845
CURRENT ASSETS			
Stocks and work in progress	12	-	2,655
Debtors	13	128	212
Cash at bank and in hand		-	51
		128	2,918
CREDITORS: Amounts falling due within one year	14	-	(2,049)
NET CURRENT ASSETS		128	869
TOTAL ASSETS LESS CURRENT LIABILITIES		128	1,714
CREDITORS: Amounts falling due after more than one year	15	-	(802)
PROVISIONS FOR LIABILITIES AND CHARGES	16	-	(31)
		128	881
		=====	=====
CAPITAL AND RESERVES			
Share capital	17	72	72
Profit and loss account	18	56	763
Revaluation reserve	18	-	46
		128	881
		=====	=====

The accounts were approved by the Board of Directors on 30/4/92

[Signature]

) Directors

[Signature]

The notes on pages 11 to 17 form part of these accounts.

B I R C H D E V E L O P M E N T S p l c

SOURCE AND APPLICATION OF FUNDS

for the year ended 30th September 1991

	1991 £'000	1990 £'000
SOURCE OF FUNDS		
(Loss)/profit on ordinary activities before taxation	(595)	750
Adjustment for items not involving the movement of funds:		
Depreciation	46	154
Loss on sale of fixed assets	2	-
	48	154
TOTAL (ABSORBED BY)/GENERATED FROM OPERATIONS	(547)	904
FUNDS FROM OTHER SOURCES		
Transfer of tangible fixed assets to Birch plc	902	-
Transfer of fixed asset investments to Birch plc	63	-
Proceeds from disposal of tangible fixed assets	89	771
	1,054	771
	507	1,675
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	(288)	(254)
Taxation paid	(262)	(350)
Dividends paid	(16)	(131)
Decrease in creditors falling due after more than one year	(802)	(213)
Extraordinary costs on disposal of Westergate	(35)	-
	(1,403)	(948)
(DECREASE)/INCREASE IN WORKING CAPITAL	(896)	727

BIRCH DEVELOPMENTS p l c

SOURCE AND APPLICATION OF FUNDS

for the year ended 30th September 1991
(Continued)

	1991 £'000	1990 £'000	1990 £'000	1990 £'000
COMPONENTS OF (DECREASE)/INCREASE IN WORKING CAPITAL				
Stocks and work in progress	(2,655)		(283)	
Debtors	(84)		50	
Creditors less than one year	1,894		18	
		(845)		(215)
MOVEMENTS IN NET LIQUID FUNDS:				
Cash at bank and in hand	(51)		52	
Bank loans and overdrafts	-		890	
		(51)		942
		(896)		727
		=====		=====

BIRCH DEVELOPMENTS p l c

NOTES TO THE ACCOUNTS

For the year ended 30th September 1991

1. TURNOVER

The turnover and profit before taxation 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:

	1991 Number	1990 Number
Management and administration	7	4
	=====	=====

The aggregate payroll costs were:

	£'000	£'000
Wages and Salaries	248	208
Social Security Costs	20	20
Other Pension costs	102	110
	-----	-----
	370	338
	=====	=====

3. DIRECTORS' EMOLUMENTS

The pension contributions paid to the directors in the year amounted to £96k (1990: £110k). Excluding pension contributions, the emoluments of the Chairman, who was also the highest paid Director, were £110k (1990: £120k).

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:

	1991 Number	1990 Number
£ 0 - £ 5,000	1	1
£ 40,001 - £ 45,000	1	-
£ 50,001 - £ 55,000	-	-
£110,001 - £115,000	1	-
£120,001 - £125,000	-	-
	=====	=====

B I R C H D E V E L O P M E N T S p l c

NOTES TO THE ACCOUNTS
(Continued)

4.	INTEREST RECEIVABLE	1991 £'000	1990 £'000
	Bank deposit account	10	-
		=====	=====

5.	INTEREST PAYABLE	1991 £'000	1990 £'000
	On bank loans and overdrafts and other loans wholly repayable within five years	59	125
	Interest payable on hire purchase and finance lease contracts	15	5
		74	130
		=====	=====

6.	EXCEPTIONAL ITEM	1991 £'000	1990 £'000
	Loss on sale of stock to parent company	600	-
		=====	=====

7. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	1991 £'000	1990 £'000
Loss on sale of fixed asset	2	-
Depreciation of tangible fixed assets	46	32
Auditors' remuneration	11	21
Directors' remuneration	152	125
Operating lease rentals	1	1
	=====	=====

8. TAXATION

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

	1991 £'000	1990 £'000
Corporation tax at 34.5% (1990: 35%)	(199)	198
Deferred taxation	209	(1)
Prior year adjustment	66	(43)
	76	154
	=====	=====

B I R C H D E V E L O P M E N T S p l c

NOTES TO THE ACCOUNTS
(Continued)

9.	EXTRAORDINARY LOSS AFTER TAXATION	1991 £'000	1990 £'000
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Extraordinary loss on disposal of subsidiary	66 =====	- =====
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10. TANGIBLE FIXED ASSETS

	Freehold Investment Properties £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation:				
As at 1st October 1990	608	35	150	793
Additions	264	2	22	288
Disposals	(80)	-	(16)	(96)
Transfer to Birch plc	(792)	(37)	(156)	(985)
	-----	-----	-----	-----
At 30th September 1991	-	-	-	-
	-----	-----	-----	-----
Depreciation:				
As at 1st October 1990	-	9	33	42
Charge for the year	-	9	37	46
Disposals	-	-	(5)	(5)
Transfer to Birch plc	-	(18)	(65)	(83)
	-----	-----	-----	-----
At 30th September 1991	-	-	-	-
	-----	-----	-----	-----
Net book value:				
At 30th September 1991	- =====	- =====	- =====	- =====
At 30th September 1990	608 =====	26 =====	117 =====	751 =====

B I R C H D E V E L O P M E N T S p l c

NOTES TO THE ACCOUNTS (Continued)

11. FIXED ASSET INVESTMENTS

Investment in subsidiaries

	£'000
As at 1st October 1990	94
Disposals during the year	(31)
transferred to Birch plc	(63)
	<hr/>
At 30th September 1991	-
	=====

On 15th January 1991, Westergate Interiors Limited and Hopewell McCarthy Limited were sold to certain of their directors and left the Birch Developments plc group.

On 30th September 1991, the entire ordinary share capital of the following companies was transferred to Birch plc:

Granite Construction Limited (trading)
Birch Homes Limited (trading)
Shannon Court (41) Limited (dormant)

12. STOCKS

	1991 £'000	1990 £'000
Work in progress	-	2,020
Finished goods	-	635
	<hr/>	<hr/>
	-	2,655
	=====	=====

13. DEBTORS

	1991 £'000	1990 £'000
Trade debtors	-	126
Amounts owed by group undertakings	128	2
Other debtors	-	65
Prepayments and accrued income	-	19
	<hr/>	<hr/>
	128	212
	=====	=====

B I R C H D E V E L O P M E N T S p l c

NOTES TO THE ACCOUNTS
(Continued)

14.	CREDITORS: Amounts falling due within one year	1991 £'000	1990 £'000
	Payments on account	-	42
	Hire purchase obligations	-	45
	Trade creditors	-	29
	Amounts owed to group undertakings	-	1,339
	Corporation tax	-	155
	Other taxes and social security	-	15
	Other creditors	-	45
	Accruals	-	379
		-	2,049
		=====	=====
15.	CREDITORS: Amounts falling due after more than one year	1991 £'000	1990 £'000
	Bank loans	-	750
	Hire purchase obligations	-	52
		-	802
		=====	=====
16.	PROVISIONS FOR LIABILITIES AND CHARGES	1991 £'000	1990 £'000
	Deferred taxation		
	Balance at 1st October 1990	31	129
	Profit and loss account	209	(1)
	Revaluation reserve	-	(97)
	Transfer to Birch plc	(240)	-
	At 30th September 1991	-	31
		=====	=====

B I R C H D E V E L O P M E N T S p l c

NOTES TO THE ACCOUNTS (Continued)

17. CALLED UP SHARE CAPITAL

	1991 £'000	1990 £'000
Authorised:		
Ordinary shares of 10p each	1,000 =====	1,000 =====
Allotted, called up and fully paid:		
Ordinary shares of 10p each	72 =====	72 =====

18. RESERVES

	Revaluation Reserve £'000	Profit and Loss Account £'000	Total £'000
At 1st October 1990	46	763	809
Loss for the year	-	(753)	(753)
Realisation on disposal of assets	(46)	46	-
At 30th September 1991	----- =====	----- =====	----- =====

19. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme for certain Directors and employees. Details are shown in the accounts of Birch plc.

20. CAPITAL COMMITMENTS

There was no capital expenditure, authorised or contracted at 30th September 1991 which was not provided in the accounts (1990: £nil).

21. CONTINGENT LIABILITIES

At 30th September 1991, unlimited cross guarantees existed in respect of Group Company overdrafts.

The Company has a contingent liability in respect of a guarantee to a Group Company (Shannon Court (41) Limited) for £130k.

The Company has contingent liabilities in respect of project related performance bonds in the amount of £400k.

B I R C H D E V E L O P M E N T S p l c

NOTES TO THE ACCOUNTS
(Continued)

22. ULTIMATE PARENT COMPANY

The ultimate parent company is Birch plc a company incorporated in the United Kingdom and registered in England.