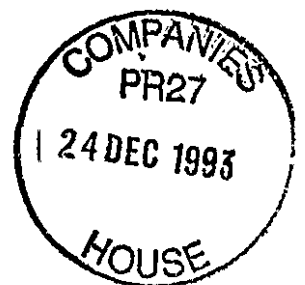


Birch Homes Limited

Annual report

30 September 1993

Company number: 2196684



Birch Homes Limited

Annual report

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Birch Homes Limited

Directors and Advisors

Directors

PJ Gadsby M Inst M
KGW Litting FCCA ACMA
CJ Endsor BSc
AJ Noton BSc ARICS
JA Cox BA ACA (appointed 1 May 1993)
CJ Neve BSc ARICS (appointed 1 May 1993)
V Rowland (appointed 1 May 1993)

Secretary

JA Cox BA ACA

Registered office

Cedar House
35 Ashbourne Road
Derby
DE22 3FS

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

Gadsby Coxon Copestake
Sterne House
Lodge Lane
Derby
DE1 3WD

Bankers

Royal Bank of Scotland plc
41 Cornmarket
Derby
DE1 2DH

 Peat Marwick

Birch Homes Limited

Directors' report

The directors present their report and audited accounts for the year ended 30 September 1993.

Principal activity and business review

The company's principal activity is quality residential house building. During the year the company has benefited from the utilisation of its accumulated land bank. It has successfully implemented production and sales on four sites in the Midlands.

Prospects for 1994 look healthy with reservations on all sites. The aim is to maintain a good rate of sales on all sites coupled with the replenishment of the land bank as appropriate.

Results and dividends

The results for the year are set out on page 6 of the accounts. The directors do not recommend the payment of a dividend (1992: £Nil).

Tangible fixed assets

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

Directors' interests

The directors had no beneficial interests in the shares of the company at any time during the year.

The interests of the directors in the ultimate parent company at the beginning and end of the year were as follows:

	Number 10p ordinary shares
PJ Gadsby	500,000
KGW Litting	68,570
CJ Endsor	10,870

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

Birch Homes Limited

Directors' report

Statement of directors responsibilities *(continued)*


- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with Section 325 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick 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

22 December 1993

Report of the auditors to the members of Birch Homes Limited

We have audited the accounts on pages 5 to 13 in accordance with Auditing Standards.

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 of 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 the company's affairs at 30 September 1993 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick.

KPMG Peat Marwick
Chartered Accountants
Registered Auditors

22 December 1993

Birch Homes Limited

Statement of Accounting Policies

The significant accounting policies adopted are as follows:

Accounting convention

The accounts on pages 5 to 13 have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards.

Turnover

Turnover represents the invoiced value of sales provided to third parties 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

Fixtures and fittings and vehicles 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

Assets acquired by leasing arrangements which give rights approximating to ownership ('finance leases') 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.

Cash flow statement

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

Birch Homes Limited

Profit and loss account

for the year ended 30 September 1993

	Notes	1993 £000	1992 £000
Turnover	1	4,848	159
Cost of sales		(4,049)	(128)
		<hr/>	<hr/>
Gross profit		799	31
Administrative expenses		(304)	(28)
		<hr/>	<hr/>
Operating profit		495	3
Interest receivable		-	1
Interest payable	4	(4)	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation	5	491	4
Tax on profit on ordinary activities	6	(162)	(3)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		329	1
Retained profit brought forward		220	219
		<hr/>	<hr/>
Retained profit carried forward		549	220
		<hr/>	<hr/>

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

All results were derived from continuing activities.

Birch Homes Limited

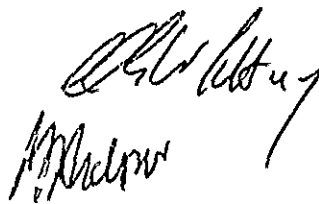
Balance Sheet

at 30 September 1993

	Notes	1993 £000	1992 £000
Fixed assets			
Tangible assets	7	105	42
Current assets			
Stocks and work in progress	8	6,600	3,104
Debtors	9	196	161
		<u>6,796</u>	<u>3,265</u>
Creditors: Amounts falling due within one year	10	(5,857)	(2,400)
Net current assets		<u>939</u>	<u>865</u>
Total assets less current liabilities		<u>1,044</u>	<u>907</u>
Creditors: Amounts falling due after more than one year	11	(492)	(685)
Provisions for liabilities and charges	13	(3)	(2)
		<u>549</u>	<u>220</u>
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account	15	549	220
		<u>549</u>	<u>220</u>

These financial statements were approved by the board of directors on 22 December 1993 and were signed on its behalf by:

KGW Litting
CJ Endors
Directors



Birch Homes 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:

	1993 Number	1992 Number
Production	8	2
Management and administration	8	3
	<hr/>	<hr/>
	16	5
	<hr/>	<hr/>

The aggregate payroll costs were:

	£000	£000
Wages and salaries	258	89
Social security costs	21	5
Other pension costs	10	3
	<hr/>	<hr/>
	289	97
	<hr/>	<hr/>

3 Directors' emoluments

	£000	£000
Directors' emoluments	86	19
	<hr/>	<hr/>

Excluding pension contributions, the emoluments paid to the highest paid director were £44k (1992: £19k).

The Chairman did not receive emoluments from the company in the year (1992: £nil).

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:

	1993 Number	1992 Number
£0 - £5,000	4	3
£15,001 - £20,000	1	1
£20,001 - £25,000	1	-
£40,001 - £45,000	1	-
	<hr/>	<hr/>

Birch Homes Limited

Notes (continued)

4 Interest payable

	1993 £000	1992 £000
Bank interest payable	267	47
Interest payable to parent undertaking	-	46
Interest payable on hire purchase contracts	4	-
Less interest included in cost of sales	(267)	(93)
	<u>4</u>	<u>-</u>

5 Profit on ordinary activities before taxation

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

	1993 £000	1992 £000
Depreciation of tangible fixed assets	25	5
Hire of plant and machinery	34	4
Auditors' remuneration - for audit services	6	6
Directors' remuneration	81	19
Bank interest receivable	-	(1)
	<u>-</u>	<u>-</u>

6 Taxation

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

	1993 £000	1992 £000
UK Corporation tax at 33% (1992: 33%)	161	-
Prior year adjustment	-	1
Deferred taxation	1	2
	<u>162</u>	<u>3</u>

Birch Homes Limited

Notes (continued)

7 Tangible fixed assets

	Fixtures and fittings £000	Motor Vehicles £000	Total £000
<i>Cost</i>			
As at 1 October 1992	5	42	47
Additions	5	88	93
Disposals	-	(13)	(13)
	<hr/>	<hr/>	<hr/>
At 30 September 1993	10	117	127
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
As at 1 October 1992	-	5	5
Charge for the year	2	23	25
On disposals	-	(8)	(8)
	<hr/>	<hr/>	<hr/>
At 30 September 1993	2	20	22
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 September 1993	8	97	105
	<hr/>	<hr/>	<hr/>
At 30 September 1992	5	37	42
	<hr/>	<hr/>	<hr/>

Included in motor vehicles is £97k (1992: £37k) in respect of the net book value of assets acquired under hire purchase contracts, the depreciation charge for the year on which amounted to £23k (1992: £5k).

Birch Homes Limited

Notes (continued)

8 Stocks

	1993 £000	1992 £000
Raw materials and consumables	3,506	2,211
Work in progress	2,683	893
Finished goods	411	-
	<u>6,600</u>	<u>3,104</u>

9 Debtors

	1993 £000	1992 £000
Trade debtors	83	3
Amounts owed by parent and fellow subsidiary undertakings	-	17
Other debtors	111	140
Prepayments and accrued income	2	1
	<u>196</u>	<u>161</u>

10 Creditors: Amounts falling due within one year

	1993 £000	1992 £000
Bank loans and overdrafts	4,007	2,023
Payments on account	91	-
Trade creditors	890	274
Amounts due to parent and fellow subsidiary undertakings	211	1
Corporation tax	161	-
Other taxes and social security	11	5
Obligations under hire purchase contracts	34	4
Other creditors	9	44
Accruals	443	49
	<u>5,857</u>	<u>2,400</u>

Birch Homes Limited

Notes (continued)

11 Creditors: Amounts due after more than one year

	1993 £000	1992 £000
Bank loans	456	680
Obligations under hire purchase contracts	36	5
	<hr/>	<hr/>
	492	685
	<hr/>	<hr/>

All amounts are repayable within five years. The rate of interest on bank loans is 2.5% over base rate. The bank loans are secured by a fixed charge over various assets of the company.

12 Obligations under hire purchase contracts

The hire purchase payments to which the company was committed at 30 September 1993 are due within the following periods from the balance sheet date:

	1993 £000	1992 £000
Less than one year	38	5
Between two and five years	41	6
	<hr/>	<hr/>
	79	11
Less: interest allocated to future periods	(9)	(2)
	<hr/>	<hr/>
	70	9
	<hr/>	<hr/>

13 Provisions for liabilities and charges

<i>Deferred taxation</i>	£000
At 1 October 1992	2
Provided in the year	1
	<hr/>
At 30 September 1993	3
	<hr/>

The maximum potential deferred tax liability at 30 September 1993 was £3k (1992: £2k). Of this amount £3k has been provided (1992: £2k). This relates to accelerated capital allowances.

Birch Homes Limited

Notes (continued)

14 Called up share capital

	1993 £	1992 £
<i>Authorised:</i>		
Ordinary shares of £1 each	100,000	100,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

15 Reserves - reconciliation of movement in shareholders' funds

	Profit and loss Account £000	Total Shareholders' funds £000
Balance at 1 October 1992	220	220
Profit for year after taxation	329	329
	<hr/>	<hr/>
Balance at 30 September 1993	549	549
	<hr/>	<hr/>

16 Pension commitments

The company operates a defined contribution pension scheme for certain directors and employees. The scheme funds are administered by an insurance company and are independent of the company'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 £10k (1992: £3k). Pension costs accrued at the year end were £5k (1992: £1k).

17 Capital commitments

There was no capital expenditure, authorised or contracted, which was not provided for in the accounts at 30 September 1993 (1992: £nil).

18 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 1993 total bank loans and overdrafts relating to other group companies amounted to £2,499k (1992: £nil).

19 Ultimate parent company

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