

B I R C H   H O M E S   L I M I T E D

A N N U A L   R E P O R T

30th September 1992

COMPANY NUMBER: 2196684

# B I R C H   H O M E S   L I M I T E D

## C O N T E N T S

	PAGE
Directors and Advisors	1
Directors' Report	2
Auditors' Report	3
Statement of Accounting Policies	4
Profit and Loss Account	6
Balance Sheet	7
Notes to the Accounts	8
Trading and Profit and Loss Account	14

B I R C H   H O M E S   L I M I T E D

DIRECTORS AND ADVISORS

DIRECTORS:

P J Gadsby M. Inst. M.  
K G W Litting F.C.C.A., A.C.M.A.  
C J Endsor B.Sc.  
A J Noton B.Sc., A.R.I.C.S.  
(appointed 18th February 1992)

SECRETARY:

J A Cox B.A., A.C.A.

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

# B I R C H   H O M E S   L I M I T E D

## DIRECTORS' REPORT

The Directors present their report and audited accounts for the year ended 30th September 1992.

### PRINCIPAL ACTIVITY AND BUSINESS REVIEW

During the year the company has acquired land and commenced construction on two prestigious housing sites which will enable sales to be achieved in the 1993 financial year. It also has under option a considerable landbank for further residential development in the short to medium term. The landbank under option will provide approximately one thousand housing plots over the next few years.

Although the housing market is still depressed, initial sales from reservations from existing sites are most encouraging.

### RESULTS AND DIVIDEND

The results for the year are set out on page 6 of the accounts. The Directors do not recommend the payment of a dividend (1991: £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 in 10p Ordinary Shares were as follows:

	<u>Number</u>
P J Gadsby	500,000
K G W Litting	68,570
C J Endsor	10,870

### AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution proposing the re-appointment of KPMG Peat Marwick will be put to the Annual General Meeting.

By order of the board

J A Cox  
Secretary

REPORT of the AUDITORS. KPMG PEAT MARWICK

to the MEMBERS of

B I R C H   H O M E S   L I M I T E D

We have audited the accounts on pages 4 to 13 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 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Derby

11th Jan 1993

KPMG Peat Marwick

Chartered Accountants  
Registered Auditors

# B I R C H   H O M E S   L I M I T E D

## STATEMENT OF ACCOUNTING POLICIES

The significant accounting policies adopted are as follows:

### ACCOUNTING CONVENTION

The accounts on pages 6 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 values. 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 profit and loss account over the period of the lease in proportion to the balance outstanding.

### 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   H O M E S   L I M I T E D

STATEMENT OF ACCOUNTING POLICIES  
(Continued)

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.

# B I R C H   H O M E S   L I M I T E D

## P R O F I T   A N D   L O S S   A C C O U N T

For the year ended 30th September 1992

	Notes	1992 £'000	1991 £'000
Turnover	1	159	100
Cost of Sales		(128)	(93)
		-----	-----
GROSS PROFIT		31	7
Administrative Expenses		(28)	(1)
Interest Receivable	4	1	-
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	4	6
Tax on profit on ordinary activities	6	(3)	20
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1	26
Retained profit brought forward		219	193
		-----	-----
RETAINED PROFIT CARRIED FORWARD		220 =====	219 =====

The notes on pages 8 to 13 form part of these accounts.



# B T R C H   H O M E S   L I M I T E D

## BALANCE SHEET

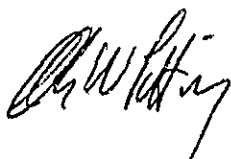
as at 30th September 1992

	Notes	1992 £'000	1991 £'000
<b>FIXED ASSETS</b>			
Tangible assets	7	42	-
<b>CURRENT ASSETS</b>			
Stocks and work in progress	8	3,104	20
Debtors	9	161	207
		3,265	227
<b>CREDITORS: Amounts falling due within one year</b>	10	(2,400)	(8)
<b>NET CURRENT ASSETS</b>		865	219
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		907	219
<b>CREDITORS: Amounts falling due after more than one year</b>	11	(685)	-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	(2)	-
		220	219
<b>FINANCED BY:</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	-	-
Profit and Loss account	15	220	219
		220	219

The accounts were approved by the Board of Directors on and signed on their behalf by

on 11th January 1993.

K G W Litting



C J Endson



The notes on pages 8 to 13 form part of these accounts.

# B I R C H   H O M E S   L I M I T E D

## NOTES TO THE ACCOUNTS

For the year ended 30th September 1992

### 1.     T U R N O V E R

The turnover and profit before taxation arose entirely in the United Kingdom.

### 2.     D I R E C T O R S   A N D   E M P L O Y E E S

The average number of persons (including Directors) employed by the Company during the year was:

	1992 Number	1991 Number
Production	2	-
Management and Administration	3	-
	<hr style="width: 50%; margin: 0 auto;"/> 5	<hr style="width: 50%; margin: 0 auto;"/> -
	=====	=====
The aggregate costs were:		
	£'000	£'000
Wages and salaries	89	-
Social security costs	5	-
Other pension costs	3	-
	<hr style="width: 50%; margin: 0 auto;"/> 97	<hr style="width: 50%; margin: 0 auto;"/> -
	=====	=====

### 3.     D I R E C T O R S   E M O L U M E N T S

Excluding pension contributions, the emoluments paid to the highest paid Director were £19k (1991: £nil). No other Director received emoluments from the company in the year (1991: £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:

	1992 Number	1991 Number
£0 - 5,000	3	-
£15,001 - £20,000	1	-
	=====	=====

# B I R C H   H O M E S   L I M I T E D

## NOTES TO THE ACCOUNTS (Continued)

### 4. INTEREST RECEIVABLE

	£'000	£'000
Bank interest	1	-
	=====	=====

### 5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging the following:-

	1992 £'000	1991 £'000
Depreciation of tangible fixed assets	5	-
Hire of Plant and Machinery	4	-
Auditors' remuneration	6	1
Directors' remuneration	19	-
Bank interest payable	47	-
Interest payable to group undertakings	46	-
Interest payable on hire purchase contracts	1	-
	=====	=====

### 6. TAXATION

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

	1992 £'000	1991 £'000
UK Corporation tax at 33% (1991: 33%)	-	1
Prior year adjustment	1	(21)
Deferred taxation	2	-
	-----	-----
	3	(20)
	=====	=====

# B I R C H   H O M E S   L I M I T E D

## NOTES TO THE ACCOUNTS (Continued)

### 7. TANGIBLE FIXED ASSETS

	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost:			
As at 1st October 1991	-	-	-
Additions	5	42	47
	<hr/>	<hr/>	<hr/>
At 30th September 1992	5	42	47
	<hr/>	<hr/>	<hr/>
Depreciation:			
As at 1st October 1991	-	-	-
Charge for the year	-	5	5
	<hr/>	<hr/>	<hr/>
At 30th September 1992	-	5	5
	<hr/>	<hr/>	<hr/>
Net book value:			
At 30th September 1992	5	37	42
	<hr/>	<hr/>	<hr/>
At 30th September 1991	-	-	-
	<hr/>	<hr/>	<hr/>

Included in motor vehicles above is £30k (1991: £nil) in respect of the net book value of assets acquired under hire purchase contracts, the depreciation charge for the year on which amounted to £5k (1991: £nil).

### 8. STOCKS

	1992 £'000	1991 £'000
Stocks of Land	2,211	-
Work in Progress	893	20
	<hr/>	<hr/>
	3,104	20
	=====	=====

# B I R C H   H O M E S   L I M I T E D

## NOTES TO THE ACCOUNTS (Continued)

### 9. DEBTORS

	1992 £'000	1991 £'000
Trade debtors	3	-
Amounts owed by parent and fellow subsidiary undertakings	17	207
Other Debtors	140	-
Prepayments and accrued income	1	-
	-----	-----
	161	207
	=====	=====

### 10. CREDITORS: Amounts falling due within one year

	1992 £'000	1991 £'000
Bank loans and overdrafts	2,023	-
Trade Creditors	274	1
Amounts owed to parent and fellow subsidiary undertakings	1	-
Corporation tax	-	1
Other taxes and social security	5	6
Hire purchase obligations	4	-
Other creditors	44	-
Accruals	49	-
	-----	-----
	2,400	8
	=====	=====

### 11. CREDITORS: Amounts due after more than one year

	1992	1991
Bank loans	680	-
Hire purchase obligations	5	-
	-----	-----
	685	-
	=====	=====

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.

# B I R C H   H O M E S   L I M I T E D

## NOTES TO THE ACCOUNTS (Continued)

### 12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

The minimum hire purchase payments to which the company was committed at 30th September 1992 are due within the following periods from the balance sheet date.

	1992 £'000	1991 £'000
Less than one year	5	-
Between two and five years	6	-
	<u>11</u>	<u>-</u>
Less interest allocated to future periods	2	-
	<u>9</u>	<u>-</u>
	=====	=====

### 13. PROVISIONS FOR LIABILITIES AND CHARGES

	£'000
Provided at 1st October 1991	-
Charge for the year	2
	<u>2</u>
Provided at 30th September 1992	=====

The maximum potential deferred tax liability at 30th September 1992 was £2k (1991: £nil), relating to accelerated capital allowances.

### 14. CALLED UP SHARE CAPITAL

	1992 £	1991 £
Authorised:		
100,000 ordinary shares of £1 each	100,000	100,000
	=====	=====
Allotted, called up and fully paid:		
Ordinary shares of £1 each	100	100
	=====	=====

# B I R C H   H O M E S   L I M I T E D

## NOTES TO THE ACCOUNTS (Continued)

### 15. RESERVES

	Profit and Loss Account £,000
Balance at 1st October 1991	219
Profit for year after taxation	1
Balance at 30th September 1992	<div style="border-top: 1px solid black;">220</div> <div style="border-top: 1px solid black;">=====</div>

### 16. CAPITAL COMMITMENTS

There was no capital expenditure, authorised or contracted, which was not provided for in the accounts at 30th September 1992 (1991: £nil).

### 17. CONTINGENT LIABILITIES

There were no contingent liabilities at 30th September 1992 (1991: £13k).

An unlimited cross guarantee exists for all group companies in respect of any overdraft of the group. At 30th September 1992 the overdraft relating to other group companies amounted to £nil (1991: £nil).

### 18. 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 can be obtained from the registered office at Cedar House, 35 Ashbourne Road, Derby, DE22 3FS.

### 19. 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 £2,535 (1991: £nil). Pension costs accrued at the year end were £864 (1991: £nil).