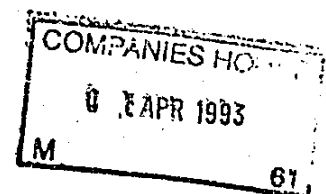


B I R C H p l c

(Company Number:- 2563345)

ANNUAL REPORT

30TH SEPTEMBER 1992



B I R C H p l c

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B I R C H p l c

CHAIRMAN'S STATEMENT

It gives me great pleasure to report that for the twelve months ended 30th September 1992 the Birch plc Group of Companies achieved a profit on ordinary activities before taxation of £965k (prior to making a payment of £103k into a pension scheme for one of the directors).

This result was achieved despite the continuing extreme recession in the property and construction sector.

As in previous years we have continued to use prudent and conservative accounting policies throughout every division.

Divisional Report

Commercial Development Division

The division completed several major projects during the year. Nevertheless, much of its effort was directed towards the future and it will continue to put in place non-speculative development projects.

Contracting Division

The division increased its turnover by 69% over the previous year to £13.8m. Profits before taxation increased by 65% which in light of the recession and the tightening of margins, is a truly commendable performance. We have been particularly successful in the partnership housing sector where we have enhanced our reputation for quality and reliability. The order book for 1993 is exceedingly strong and I am confident we will see further increases in turnover and profit during the coming year.

House building Division

The division has concentrated on acquiring land options and sites in preparation for a structured move back into housebuilding. We have commenced building on 8 acres of prime residential land on the outskirts of Derby. We have also purchased 3 acres of land at Leicester Forest East and have just exercised the first option for 9.4 acres at Littleover, Derby. Littleover will become our flagship site as we have a total of 120 acres under option within two miles of the new Toyota factory, all with planning permission. In addition we are currently engaged in strategic land acquisition mainly by way of options so as to secure our stock of land into the next century. This process will necessitate an increase in our borrowings, but we will continue to proceed in a cautious manner, mindful of the requirements to show a satisfactory return on capital.

CHAIRMAN'S STATEMENT
(continued)

Products Division

The division, which was acquired in 1991, integrated well into the Group during the year and contributed pre-tax profits of £309k. We have directed our attention to the research and development of new products and are confident of a further increase in both turnover and profits in the coming year. We have also invested in new offices during the year and are currently looking at improvements to the production facilities confirming our faith in the long term future of this business.

Personnel

As in previous years, I must take this opportunity to express my gratitude to all our employees for their efforts during the year. Our continuous pattern of growth and profitability would not be possible without their endeavours and our results are a tribute to their expertise at all levels. During the year we have continued our policy of recruiting and retaining high calibre management to enable us to handle the growth we envisage over the next few years.

Outlook

Every division in the Group is forecasting an increase in turnover and profit for 1993. Our current order book indicates that this will be achieved. Obviously our biggest growth area will be in housebuilding where we are re-entering the sector after two years of consolidation.

As ever, we will proceed with caution and will be able to respond to changes in economic conditions. We feel that business and public confidence is beginning to return and this, combined with the benefit of low interest rates, will afford the opportunity to further expand our market share in all areas.

B I R C H p l 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
 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

 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 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 1QN

B I R C H p l c

DIRECTORS' REPORT

The Directors present their report and audited consolidated accounts of Birch plc ("the Company") and its subsidiary undertakings (collectively "the Group") for the year ended 30th September 1992.

PRINCIPAL ACTIVITIES

The main activities of the Group are property development, property investment, contracting, house building and the manufacturing of pre-cast concrete products. The information given in the Chairman's report on pages 1 and 2 should be regarded as part of the Directors' report.

RESULTS AND DIVIDEND

The profit for the year after taxation amounted to £526k (1991: £142k). The Directors have recommended the payment of a dividend of £18k (1991: £16k).

TANGIBLE FIXED ASSETS

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

In the opinion of the Directors the market value of the land and buildings is not less than the net book value appearing in the accounts.

DONATIONS

£990 of charitable donations were made during the year (1991: £338).

DIRECTORS


The Directors and their beneficial interests in the shares of the 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
M 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 plc

We have audited the accounts on pages 7 to 27 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 30th September 1992 and of the profit and cash flow of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Derby

11 January

1993

KPMG Peat Marwick.

Chartered Accountants
Registered Auditors

B I R C H p l c

STATEMENT OF ACCOUNTING POLICIES

The financial accounts on pages 9 to 27 have been prepared on a historical cost basis and in accordance with applicable accounting standards. A summary of the more important accounting policies which have been applied consistently are set out below.

BASIS OF CONSOLIDATION

The consolidated accounts incorporate the accounts of the Company and all of its subsidiary undertakings up to 30th September 1992.

Where the Company has acquired certain subsidiary undertakings in exchange for shares the business combination has been accounted for as a merger. The cost of investment is recorded at the nominal value of the shares issued by the Company. On consolidation, the excess or deficiency of the cost of the investment over the nominal value of the issued share capital of the subsidiary undertakings acquired is transferred to reserves in the year of acquisition.

Where subsidiary undertakings or associated undertakings have been acquired in exchange for purchase consideration, goodwill or a capital reserve (representing the excess or deficiency of the purchase price over the value of net assets of subsidiary undertakings at the dates of acquisition) is transferred to reserves in the year of purchase. The results of subsidiary undertakings acquired or sold during the year are included in the accounts from or to the effective dates of acquisition or disposal.

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.

Contract work in progress includes attributable profit less any foreseeable losses and progress payments received and receivable.

B I R C H p l c

STATEMENT OF ACCOUNTING POLICIES (Continued)

DEPRECIATION AND AMORTISATION

Plant, equipment 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:

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

No depreciation is charged on freehold property as in the opinion of the Directors its market value is at least the value shown in the Balance Sheet.

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.

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.

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 p l c

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30th September 1992

	Notes	1992 £'000	1991 £'000
Turnover	2	19,200	11,051
Cost of Sales		(16,745)	(9,477)
		<hr/>	<hr/>
GROSS PROFIT		2,455	1,574
Administrative expenses		(1,697)	(1,213)
		<hr/>	<hr/>
OPERATING PROFIT		758	361
Interest receivable	5	184	37
Interest payable	6	(80)	(93)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	862	305
Tax on profit on ordinary activities	8	(336)	(163)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		526	142
Extraordinary item	9	-	(358)
		<hr/>	<hr/>
Profit/(loss) for the financial year		526	(216)
Dividend		(18)	(16)
		<hr/>	<hr/>
RETAINED PROFIT/(LOSS) FOR THE YEAR	19	508	(232)
		=====	=====

The notes on pages 15 to 27 form part of these accounts.

B I R C H p l c

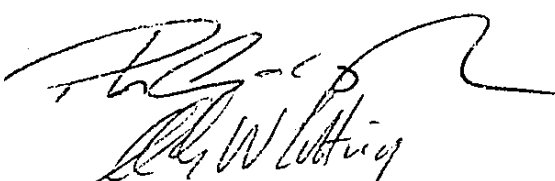
CONSOLIDATED BALANCE SHEET

as at 30th September 1992

	Notes	1992 £'000	1991 £'000
FIXED ASSET			
Tangible assets	10	1,397	1,377
CURRENT ASSET			
Stocks and work in progress	12	5,138	3,093
Debtors	13	1,695	2,340
Cash at bank and in hand		-	1
		<u>6,833</u>	<u>5,434</u>
CREDITORS: Amounts falling due within one year	14	(5,217)	(4,504)
NET CURRENT ASSETS		<u>1,616</u>	<u>930</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,013</u>	<u>2,307</u>
CREDITORS: Amounts falling due after more than one year	15	(891)	(544)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(40)	(202)
		<u>2,082</u> =====	<u>1,561</u> =====
CAPITAL AND RESERVES			
Share capital	18	58	58
Revaluation reserve	19	59	46
Other reserves	19	18	18
Profit and loss account	19	1,947	1,439
		<u>2,082</u> =====	<u>1,561</u> =====

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

11 January 1993

)
) Directors

The notes on pages 15 to 27 form part of these accounts.

B I R C H p l c


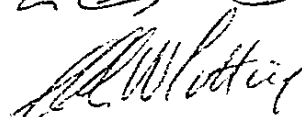
COMPANY BALANCE SHEET

as at 30th September 1992

	Notes	1992 £'000	1991 £'000
FIXED ASSETS			
Tangible assets	10	846	901
Investments	11	121	121
		<hr/>	<hr/>
		967	1,022
CURRENT ASSETS			
Stocks and work in progress	12	866	1,973
Debtors	13	422	740
Cash at bank and in hand		241	-
		<hr/>	<hr/>
		1,529	2,713
CREDITORS: Amounts falling due within one year	14	(1,710)	(3,033)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(181)	(320)
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		786	702
CREDITORS: Amounts falling due after more than one year	15	(171)	(446)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(36)	(198)
		<hr/>	<hr/>
		579	58
		=====	=====
CAPITAL AND RESERVES			
Share capital	18	58	58
Revaluation reserve	19	13	-
Profit and loss account	19	508	-
		<hr/>	<hr/>
		579	58
		=====	=====

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

11 January 1993

)
) Directors

The notes on pages 15 to 27 form part of these accounts.

B I R C H p l c

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30th September 1992

	Notes	1992 £'000	1991 £'000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(1)	(466)	1,036
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		184	37
Interest paid		(256)	(59)
Dividends paid		(18)	(6)
Interest element of hire purchase and finance lease rental repayment		(31)	(34)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		(121)	(62)
		(587)	974
TAX PAID		(148)	(306)
		(735)	668
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(235)	(664)
Receipts from sale of tangible fixed assets		73	96
Costs of disposal of subsidiary undertakings	(2)	-	(35)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(162)	(603)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(897)	65
FINANCING			
New short term loans	(5)	(1,303)	(240)
Repayment of loans	(5)	1,586	450
Capital element of finance lease rental payments	(5)	95	1
NET CASH OUTFLOW FROM FINANCING		378	211
Decrease in cash and cash equivalents	(3)	(1,275)	(146)
		(897)	65

B I R C H p l c

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30th September 1992

(1) RECONCILIATION OF OPERATING PROFIT
TO NET CASH OUTFLOW FROM OPERATING
ACTIVITIES

	1992 £'000	1991 £'000
Operating profit	758	361
Depreciation charges	154	113
Loss on sale of fixed assets	1	3
(Increase)/decrease in stock	(2,045)	59
Decrease/(increase) in debtors	645	(1,537)
(Decrease)/increase in creditors	(186)	2,037
Project specific interest within cost of sales	207	-
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(466) =====	1,036 =====

(2) SALE OF SUBSIDIARY UNDERTAKING

	£'000	£'000
Net assets disposed of:-		
Fixed assets	-	335
Stocks	-	123
Debtors	-	704
Creditors	-	(843)
Cash at bank	-	7
Provisions	-	(3)
	-	323
Loss on disposal	-	(358)
Costs of disposal	-	(35)
	-	(35)
Satisfied by cash	-	(35)

(3) ANALYSIS OF CHANGES IN CASH
AND CASH EQUIVALENTS DURING
THE YEAR

	£'000
Balance at 1st October 1991	1,347
Net cash outflow	(1,275)
Balance at 30th September 1992	72 =====

B I R C H p l c

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30th September 1992

(4) ANALYSIS OF THE BALANCES OF CASH
AND CASH EQUIVALENTS AS SHOWN IN
THE BALANCE SHEET

	1992		1991		Change in year
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand		-		1	(1)
Bank loans and overdrafts due within one year	(802)		(240)		
Bank loans and overdrafts due after one year	(846)		(417)		
Amounts relating to short term loans	1,720		2,003		
	<hr/>	72	<hr/>	1,346	(1,274)
		<hr/>		<hr/>	<hr/>
		72		1,347	(1,275)
		=====		=====	=====

(5) ANALYSIS OF CHANGES IN
FINANCING DURING THE YEAR

	Bank Loans	Hire purchase Obligations
	£'000	£'000
Balance at 1st October 1991	2,003	253
Repayment of amounts borrowed	(1,586)	(95)
New short term loans	1,303	-
	<hr/>	<hr/>
Balance at 30th September 1992	1,720	158
	=====	=====

B I R C H p l c

NOTES TO THE ACCOUNTS

For the year ended 30th September 1992

1. PROFIT AND LOSS ACCOUNT OF THE HOLDING COMPANY

In accordance with the concession granted under section 230 of the Companies Act 1985, the profit and loss account of Birch plc has not been separately presented. Of the consolidated profit after taxation £526k (1991: £nil) has been dealt with in the accounts of the Company.

2. SEGMENTAL REPORTING

	Turnover		Profit on Ordinary Activities Before Tax		Net Assets	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Commercial	6,224	3,656	188	5	739	663
Contracting	11,224	7,051	361	222	874	632
Housebuilding	147	100	4	6	220	219
Products	1,605	244	309	72	249	47
	<u>19,200</u>	<u>11,051</u>	<u>862</u>	<u>305</u>	<u>2,082</u>	<u>1,561</u>
	=====	=====	=====	=====	=====	=====

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

3. DIRECTORS AND EMPLOYEES

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

	1992 Number	1991 Number
Production	45	44
Management and administration	44	33
	<u>89</u>	<u>77</u>
	=====	=====

The aggregate payroll costs were:

	£'000	£'000
Wages and Salaries	1,483	736
Social Security Costs	99	62
Other Pension costs	145	120
	<u>1,727</u>	<u>918</u>
	=====	=====

B I R C H p l c

NOTES TO THE ACCOUNTS
(Continued)

4. DIRECTORS' EMOLUMENTS

	1992 £'000	1991 £'000
Directors' emoluments	253 =====	248 =====

The pension contributions paid to the Directors in the year amounted to £126k (1991: £96k). Excluding pension contributions, the emoluments of the Chairman, who was also the highest paid Director, were £80k (1991: £110k).

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	1	1
£ 40,001 - £ 45,000	-	1
£ 45,001 - £ 50,000	1	-
£ 80,001 - £ 85,000	1	-
£110,001 - £115,000	-	1
	=====	=====

5. INTEREST RECEIVABLE

	1992 £'000	1991 £'000
Bank interest	184 =====	37 =====

6. INTEREST PAYABLE

	1992 £'000	1991 £'000
On bank loans and overdrafts and other loans wholly repayable within five years	256	59
Project specific interest included in cost of sales	(207)	-
	<hr/> 49	<hr/> 59
Interest payable on hire purchase and finance lease contracts	31	34
	<hr/> 80 =====	<hr/> 93 =====

B I R C H p l c

NOTES TO THE ACCOUNTS
(Continued)

7. 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	154	113
Loss on sale of fixed assets	1	3
Hire of plant and machinery	514	213
Auditors' remuneration	24	18
Directors' remuneration	127	152
Operating lease rentals	1	1
Rents receivable	75	169
	=====	=====

8. TAXATION

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

	1992 £'000	1991 £'000
UK Corporation tax at 33% (1991: 35%)	451	(99)
Deferred taxation	(146)	211
Prior year adjustments	31	51
	-----	-----
	336	163
	=====	=====

9. EXTRAORDINARY ITEM

	1992 £'000	1991 £'000
Extraordinary deficit on disposal of subsidiary undertaking	-	358
	=====	=====

B I R C H p l c
NOTES TO THE ACCOUNTS
(Continued)

10. TANGIBLE FIXED ASSETS

Group	Land and Buildings £'000	Plant Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost:				
At 1st October 1991	967	138	512	1,617
Additions	83	39	113	235
Disposals	(36)	(2)	(61)	(99)
Revaluations	13	-	-	13
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th September 1992	1,027	175	564	1,766
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At 1st October 1991	-	58	182	240
Charge for the year	-	34	120	154
Charge on disposals	-	(2)	(23)	(25)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th September 1992	-	90	279	369
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:				
At 30th September 1992	1,027	85	285	1,397
	=====	=====	=====	=====
At 30th September 1991	967	80	330	1,377
	=====	=====	=====	=====

B I R C H p l c

NOTES TO THE ACCOUNTS
(Continued)

10. TANGIBLE FIXED ASSETS (continued)

Group	<u>Analysis of Land and Buildings</u>		
	Freehold investment properties £'000	Freehold land and buildings £'000	Total £'000
Cost:			
At 1st October 1991	792	175	967
Additions	13	70	83
Disposals	(36)	-	(36)
Revaluations	13	-	13
	<hr/>	<hr/>	<hr/>
At 30th September 1992	782	245	1,027
	<hr/>	<hr/>	<hr/>
Depreciation:			
At 1st October 1991	-	-	-
Charge for the year	-	-	-
On disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 30th September 1992	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value:			
At 30th September 1992	782	245	1,027
	=====	=====	=====
At 30th September 1991	792	175	967
	=====	=====	=====

The deferred tax effect of the revaluation in the year is not material.

B I R C H p l c

NOTES TO THE ACCOUNTS
(Continued)

10. TANGIBLE FIXED ASSETS (continued)

Company	Freehold investment properties £'000	Fixtures, fittings and motor vehicles £'000	Total £'000
Cost or valuation:			
At 1st October 1991	792	193	985
Additions	13	4	17
Disposals	(36)	(12)	(48)
Revaluations	13	-	13
At 30th September 1992	<u>782</u>	<u>185</u>	<u>967</u>
Depreciation:			
At 1st October 1991	-	84	84
Charge for the year	-	42	42
Disposals	-	(5)	(5)
At 30th September 1992	<u>-</u>	<u>121</u>	<u>121</u>
Net book value:			
At 30th September 1992	<u>782</u>	<u>64</u>	<u>846</u>
At 30th September 1991	<u>792</u>	<u>109</u>	<u>901</u>

The investment properties on hand at 1st October 1991 were valued in August 1989 by Paul Orridge and Partners, Commercial Property Consultants, and Oliver Liggins, Chartered Surveyors, on the basis of open market freehold value. At 30th September 1992 the investment properties were revalued by a qualified Quantity Surveyor employed by the Group.

The historical costs of freehold investment properties and freehold land and buildings shown above at valuation are as follows:

	Group		Company	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
At Open Market Value	1,027	792	782	-
At historical cost	(933)	(711)	(769)	-
	<u>94</u>	<u>81</u>	<u>13</u>	<u>-</u>

No depreciation is being charged on revalued assets.

B I R C H p l c

NOTES TO THE ACCOUNTS (Continued)

10. TANGIBLE FIXED ASSETS (continued)

The net book value and depreciation charged on fixed assets under hire purchase contracts included in the above analyses are as follows:

	Plant and Machinery £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000	1991 £'000
Group:					
Net book value	6 =====	4 =====	246 =====	256 =====	342 =====
Depreciation	1 =====	1 =====	115 =====	117 =====	95 =====
Company:					
Net book value	- =====	- =====	51 =====	51 =====	91 =====
Depreciation	- =====	- =====	32 =====	32 =====	37 =====

The financial effect of not providing depreciation on freehold buildings is not material.

11. INVESTMENTS

The principal subsidiary undertakings of the Group which are all wholly owned and have been included in the consolidation are:

Name of undertaking	Description of shares held	Principal activity
Granite Construction Ltd	£1 ordinary shares	Construction
Birch Homes Ltd	£1 ordinary shares	House Building
Evans Concrete Products Ltd	£1 ordinary shares	Pre-cast concrete manufacturer
Shannon Court (41) Ltd	£1 ordinary shares	Dormant
Birch Developments plc	£1 ordinary shares	Dormant

The subsidiary undertakings are all incorporated in the United Kingdom and are registered in England.

B I R C H p l c

NOTES TO THE ACCOUNTS
(Continued)

12. STOCKS

	Group		Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£,000
Long term contract balances:-				
Net costs less foreseeable losses	1,199	429	-	-
Applicable payments on account	(331)	-	-	-
	<u>868</u>	<u>429</u>	<u>-</u>	<u>-</u>
Raw materials and consumables	2,235	24	-	-
Work in progress	1,853	2,367	755	1,761
Finished goods	182	273	111	212
	<u>5,138</u>	<u>3,093</u>	<u>866</u>	<u>1,973</u>
	=====	=====	=====	=====

13. DEBTORS

	Group		Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£,000
Trade debtors	1,323	2,019	81	219
Amounts owed by subsidiary undertakings	-	-	261	254
Other debtors	321	239	66	145
Prepayments and accrued income	51	69	14	9
Recoverable corporation tax including advance corporation tax	-	13	-	113
	<u>1,695</u>	<u>2,340</u>	<u>422</u>	<u>740</u>
	=====	=====	=====	=====

B I R C H p l c

NOTES TO THE ACCOUNTS
(Continued)

14. CREDITORS: Amounts falling due within one year

	Group		Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	802	240	250	488
Payments on account	937	680	-	-
Hire purchase obligations	113	126	25	30
Trade creditors	1,855	1,799	122	221
Amounts owed to subsidiary undertakings	-	-	1,017	2,137
Proposed dividend	10	10	10	10
Corporation tax	351	-	150	-
Other taxes and social security	89	76	17	8
Other creditors	94	45	38	31
Accruals	966	1,528	81	108
	<u>5,217</u>	<u>4,504</u>	<u>1,710</u>	<u>3,033</u>
	=====	=====	=====	=====

Group bank loans and overdrafts are net of cash balances of £1,471k (1991: £1,356k).

15. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Bank loans	846	417	167	417
Hire purchase obligations	45	127	4	29
	<u>891</u>	<u>544</u>	<u>171</u>	<u>446</u>
	=====	=====	=====	=====

All amounts are repayable within five years. The rate of interest on bank loans is 1.625% over LIBOR or 2.0% over bank base rate.

The bank loans are secured by a fixed charge over various assets of the Group.

B I R C H p l c

NOTES TO THE ACCOUNTS
(Continued)

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

The minimum hire purchase payments to which the Group and Company were committed at 30th September 1992 fall due as follows:

	Group		Company	
	1992 £,000	1991 £'000	1992 £'000	1991 £'000
Within one year	135	155	30	38
Between two and five years	53	149	4	34
	<hr/> 188	<hr/> 304	<hr/> 34	<hr/> 72
Less: Interest allocated to future periods	(30)	(51)	(5)	(13)
	<hr/> 158	<hr/> 253	<hr/> 29	<hr/> 59
	=====	=====	=====	=====

E I R C H p l c

NOTES TO THE ACCOUNTS
(Continued)

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	1992 £,000	1991 £'000	1992 £'000	1991 £'000
Deferred taxation				
As at 1st October 1991	244	-	240	-
Acquired from subsidiary undertakings	-	33	-	31
Profit and loss account	(175)	211	(175)	209
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th September 1992	69	244	65	240
Less ACT recoverable	(29)	(42)	(29)	(42)
	<hr/>	<hr/>	<hr/>	<hr/>
Net liability at 30th September 1992	40	202	36	198
	=====	=====	=====	=====

Deferred taxation provided in the accounts and the total potential liability are as follows:

Group	Amount provided		Total potential liability	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Accelerated capital allowances	4	4	4	4
Other timing differences	65	240	65	240
	<hr/>	<hr/>	<hr/>	<hr/>
	69	244	69	244
	=====	=====	=====	=====
Company				
Accelerated capital allowances	-	-	-	-
Other timing differences	65	240	65	240
	<hr/>	<hr/>	<hr/>	<hr/>
	65	240	65	240
	=====	=====	=====	=====

B I R C H p l c

NOTES TO THE ACCOUNTS
(Continued)

18. CALLED UP SHARE CAPITAL

	Group		Company	
	1992 £'000	1991 £'000	1992 £'000	1991 £,000
Authorised:				
Ordinary shares of 10p each	1,000 =====	1,000 =====	1,000 =====	1,000 =====
Allotted, called up and fully paid:				
Ordinary shares of 10p each	58 =====	58 =====	58 =====	58 =====

Executive Share Option Scheme

Under the terms of the Executive Share Option Scheme, eight employees have been granted options to purchase ordinary shares in the company.

	1992 £'000	1991 £'000
Options priced at 10p		
Date of exercise 1992 - 1999	2 =====	- =====

19. RESERVES

Group	Capital Reserve £'000	Profit and Loss Account £'000	Revaluation Reserve £'000	Total £'000
At 1st October 1991	18	1,439	46	1,503
Retained profit for the year	-	508	-	508
Revaluations in the year	-	-	13	13
At 30th September 1992	18 =====	1,947 =====	59 =====	2,024 =====
Company				
At 1st October 1991	-	-	-	-
Retained profit for the year	-	508	-	508
Revaluations in the year	-	-	13	13
At 30th September 1992	- =====	508 =====	13 =====	521 =====

The revaluation reserve relates to freehold investment properties.

B I R C H p l c

**NOTES TO THE ACCOUNTS
(Continued)**

20. PENSION COMMITMENTS

The Company and Group operate a 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 £145k (1991: £120k). Pension costs accrued at the year end were £64k (1991: £56k).

21. CAPITAL COMMITMENTS

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

22. CONTINGENT LIABILITIES

The Group has contingent liabilities in respect of project-related performance bonds amounting to £1,006k (1991: £531k).

The Company has a contingent liability in respect of a guarantee to its subsidiary Shannon Court (41) Limited for £130k (1991: £130k).

The Company has a contingent liability in respect of interest on a joint venture agreement amounting to £49k (1991: £75k).

An unlimited cross guarantee exists for all group companies in respect of any overdraft of the Group. At 30th September 1992 the overdraft amounted to £2,702k (1991: not applicable).