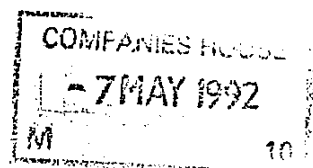


B I R C H   p l c

(Company Number:- 2563345)

ANNUAL REPORT

30TH SEPTEMBER 1991



B I R C H   p l c

C O N T E N T S

	PAGE
Chairman's Statement	1
Directors and Advisors	3
Directors' Report	5
Auditors' Report	6
Statement of Accounting Policies	7
Consolidated Profit and Loss Account	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Consolidated Source and Application of Funds	12
Notes to the Accounts	14

## B I R C H p l c

### CHAIRMAN'S STATEMENT

I am pleased to report that the Birch plc group of companies achieved a profit on ordinary activities before taxation of £389,000 (prior to making a payment of £84,000 into a pension scheme for one of the directors).

This result was achieved for the twelve months ended 30th September 1991, in which we witnessed one of the worst downturns in the Property and Construction sector within living memory.

You will also be pleased to note that once again we pursued a policy of maintaining liquidity wherever possible and this is reflected in the group balance sheet at the year end when short term borrowings amounted to £240,000.

### Divisional Report

The Commercial Development Division completed several major projects during the year. However, much of the effort expended in acquiring further quality sites and putting in place development projects will bring rewards in future years.

The Construction Division increased its turnover by 32% over the previous year to £8,191k. Profits before taxation were £222k reflecting the lightening of margins throughout the industry. The order book for 1992 is exceedingly strong and I am confident we will see a further increase in turnover during the year.

As I mentioned last year our Housebuilding Division did not build any new homes for resale during the year. However, this division increased the number of land options held and concentrated on preparations to move back into the housebuilding sector at the appropriate time in the future. In particular the Housebuilding Division is very close to obtaining planning permission for a major residential development in Littleover, Derby, close to the new Toyota car plant. This will provide a platform from which to move forward and we anticipate operating from four prestigious sites by this time next year.

During the year the group acquired the assets of Evans Concrete Limited, which manufactures pre-cast concrete products. This company has integrated well into the group and contributed a profit before taxation of £72k for the two months to 30th September 1991.

### Personnel

Once again I would like to take this opportunity of expressing my thanks to all our employees for their efforts during the year. Our continuing growth is a tribute to their skills and endeavour at all levels.

B I R C H   p l c

CHAIRMAN'S STATEMENT  
(continued)

Group Restructuring

During the year we disposed of our interest in interior contracting and shopfitting by allowing the management of Westergate Interiors Limited and Hopewell McCarthy Limited to complete a management buy-out. We believe this was in the best interest of the group as this sector was particularly affected by the recession and we have been able to utilise our resources more profitably in other divisions in the group.

Outlook

Every division in the group is forecasting an increase in turnover in 1992 and orders on hand indicate this will be achieved. However, margins throughout our industry remain exceedingly tight and it is difficult to predict an upturn in the general economic climate with any certainty. We will therefore proceed with caution during 1992, ever conscious of any opportunities to expand our operation which may occur and ready to move the group forward in terms of profit growth at the appropriate time. Now that the general election result is known we hope that this will help to remove the general feeling of uncertainty and we look forward to some signs of growth in the economy.

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  
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   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

## 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 1991.

#### PRINCIPAL ACTIVITIES

Birch plc was incorporated on 29th November 1990 and acquired 100% of the share capital of Birch Developments plc on 18th December 1990. Birch plc did not trade during the period to 30th September 1991 but on that date acquired the trade and assets of Birch Developments plc. 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 £142k. The Directors recommend the payment of a dividend of £16k.

#### TANGIBLE FIXED ASSETS

The changes in fixed assets during the year are summarised in note 11 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

£338 of charitable donations were made during the year.

#### DIRECTORS

The Directors and their beneficial interests in the shares of the 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	68,570	-
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 plc

We have audited the accounts on pages 7 to 24 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 1991 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Derby

30.4.92

KP 74 Peat Marwick.

Chartered Accountants  
Registered Auditor



## B I R C H p l c

### STATEMENT OF ACCOUNTING POLICIES

The financial accounts on pages 9 to 24 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 1991.

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

Freehold land is not depreciated. Freehold buildings, 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:

Buildings	2%
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.

#### 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 1991

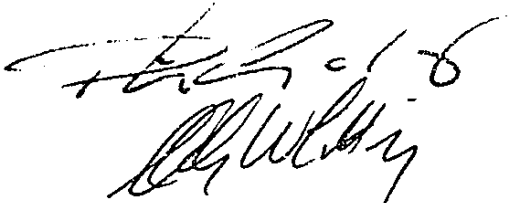
	Notes	1991 £'000	1990 £'000
Turnover	2	10,882	12,945
Cost of Sales		(9,477)	(10,539)
		<hr/>	<hr/>
GROSS PROFIT		1,405	2,406
Distribution costs		-	(7)
Administrative expenses		(1,044)	(1,489)
		<hr/>	<hr/>
OPERATING PROFIT		361	910
Interest receivable	5	37	14
Interest payable	6	(93)	(174)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	305	750
Tax on profit on ordinary activities	8	(163)	(262)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		142	488
Extraordinary item	9	(358)	-
		<hr/>	<hr/>
(Loss)/profit for the financial year		(216)	488
Dividend	10	(16)	(50)
		<hr/>	<hr/>
RETAINED (LOSS)/PROFIT FOR THE YEAR	20	(232)	438
		=====	=====

The notes on pages 14 to 24 form part of these accounts.

B I R C H p l c  
CONSOLIDATED BALANCE SHEET  
as at 30th September 1991

	Notes	1991 £'000	1990 £'000
FIXED ASSET			
Tangible assets	11	1,377	1,260
CURRENT ASSET			
Stocks and work in progress	13	3,093	3,275
Debtors	14	2,340	1,653
Cash at bank and in hand		1	154
		<u>5,434</u>	<u>5,082</u>
CREDITORS: Amounts falling due within one year	15	(4,504)	(3,523)
NET CURRENT ASSETS		<u>930</u>	<u>1,559</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,307</u>	<u>2,819</u>
CREDITORS: Amounts falling due after more than one year	16	(544)	(990)
PROVISIONS FOR LIABILITIES AND CHARGES	18	(202)	(36)
		<u>1,561</u> =====	<u>1,793</u> =====
CAPITAL AND RESERVES			
Share capital	19	58	72
Revaluation reserve	20	46	46
Other reserves	20	18	72
Profit and loss account	20	1,439	1,603
		<u>1,561</u> =====	<u>1,793</u> =====

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

 )  
Directors

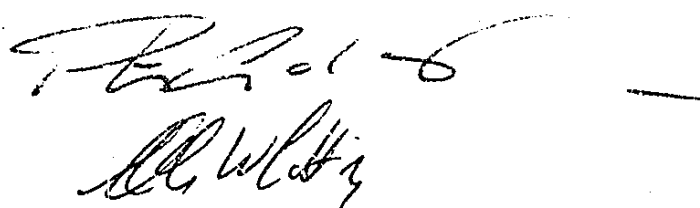
The notes on pages 14 to 24 form part of these accounts.

B I R C H   p l c  
 COMPANY BALANCE SHEET  
 as at 30th September 1991

	Notes	1991 £'000	£'000
FIXED ASSETS			
Tangible assets	11	901	
Investments	12	121	
		<hr/>	1,022
CURRENT ASSETS			
Stocks and work in progress	13	1,973	
Debtors	14	740	
		<hr/>	2,713
CREDITORS: Amounts falling due within one year	15	(3,033)	
		<hr/>	(320)
NET CURRENT ASSETS			
			<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			702
CREDITORS: Amounts falling due after more than one year	16		(446)
PROVISIONS FOR LIABILITIES AND CHARGES	18		(198)
			<hr/>
			58
			=====
CAPITAL AND RESERVES			
Share capital	19		58
			<hr/>
			58
			=====

The accounts were approved by the Board of Directors on

30/4/92.



The notes on pages 14 to 24 form part of these accounts.

# B I R C H   p l c

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended 30th September 1991

	1991 £'000	1990 £'000
<b>SOURCE OF FUNDS</b>		
Profit on ordinary activities before taxation	305	730
Less extraordinary item	(358)	-
	<u>(53)</u>	<u>730</u>
Adjustment for items not involving the movement of funds:		
Depreciation	113	154
Loss on sale of fixed assets	3	-
Loss on disposal of subsidiary undertaking	358	-
	<u>474</u>	<u>154</u>
<b>TOTAL GENERATED FROM OPERATIONS</b>	<u>421</u>	<u>904</u>
<b>FUNDS FROM OTHER SOURCES</b>		
Sale of fixed assets	96	771
	<u>517</u>	<u>1,671</u>
<b>APPLICATION OF FUNDS</b>		
Purchase of fixed assets	664	254
Decrease in creditors falling due after more than one year	446	213
Taxation paid	306	350
Dividends paid	6	131
Costs of disposal of subsidiary undertaking	35	-
	<u>(1,457)</u>	<u>(948)</u>
<b>(DECREASE)/INCREASE IN WORKING CAPITAL</b>	<u>(940)</u>	<u>727</u>

# B I R C H p l c

## CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

for the year ended 30th September 1991

	1991	1990
	£'000	£'000
COMPONENTS OF (DECREASE)/INCREASE IN WORKING CAPITAL		
Stocks and work in progress	(59)	(283)
Debtors	1,537	50
Creditors falling due within one year	(2,032)	18
	<u>          </u>	<u>          </u>
	(554)	(215)
MOVEMENTS IN NET LIQUID FUNDS:		
Cash at bank and in hand	(146)	52
Bank loans and overdrafts	(240)	890
	<u>          </u>	<u>          </u>
	(386)	942
	<u>          </u>	<u>          </u>
	(940)	727
	=====	=====

## SUMMARY OF THE EFFECTS OF THE DISPOSAL OF SUBSIDIARY UNDERTAKING:

	£'000		£'000
Discharged by		Net assets disposed	
Proceeds of disposal	-	Tangible fixed assets	335
Costs of disposal	(35)	Stocks	123
Loss on disposal	358	Debtors	704
		Cash at bank	7
		Creditors	(843)
		Provisions for liabilities and charges	(3)
	<u>          </u>		<u>          </u>
	323		323
	=====		=====

# B I R C H p l c

## NOTES TO THE ACCOUNTS

For the year ended 30th September 1991

### 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 £nil has been dealt with in the accounts of the Company.

### 2. TURNOVER

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:

	1991 Number	1990 Number
Production	44	36
Management and administration	33	39
	<u>77</u>	<u>75</u>
	=====	=====

The aggregate payroll costs were:

	£'000	£'000
Wages and Salaries	736	1,138
Social Security Costs	62	110
Other Pension costs	120	131
	<u>918</u>	<u>1,379</u>
	=====	=====

### 4. DIRECTORS' EMOLUMENTS

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

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



B I R C H p l c

NOTES TO THE ACCOUNTS  
(Continued)

5.	INTEREST RECEIVABLE	1991 £'000	1990 £'000
----	---------------------	---------------	---------------

Bank deposit account	37	14
	=====	=====

6. INTEREST PAYABLE

On bank loans and overdrafts and other loans wholly repayable within five years	59	151
Interest payable on hire purchase and finance lease contracts	34	23
	93	174
	=====	=====

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	1991 £'000	1990 £'000
Depreciation of tangible fixed assets	113	154
Hire of plant and machinery	213	313
Auditors' remuneration	18	26
Directors' remuneration	152	167
Operating lease rentals	1	2
	=====	=====

8. TAXATION

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

	1991 £'000	1990 £'000
Corporation tax at 33.5% (1990: 35%)	(99)	278
Deferred taxation	211	(16)
Prior year adjustments	51	-
	163	252
	=====	=====

B I R C H   p l c

NOTES TO THE ACCOUNTS  
(Continued)

9.	EXTRAORDINARY ITEM	1991 £'000	1990 £'000
----	--------------------	---------------	---------------

Extraordinary deficit on disposal of subsidiary undertaking	358	-
---	-----	---

Attributable tax	-	-
------------------	---	---

358	-
=====	=====

10	DIVIDENDS	1991 £'000	1990 £'000
----	-----------	---------------	---------------

Declared by Birch Developments plc	16	50
	=====	=====

11. TANGIBLE FIXED ASSETS

Group	Land and Buildings £'000	Plant Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost:				
At 1st October 1990	816	256	479	1,551
Additions	439	46	179	664
Disposals	(288)	(166)	(144)	(598)
	-----	-----	-----	-----
At 30th September 1991	967	136	514	1,617
	-----	-----	-----	-----
Depreciation:				
At 1st October 1990	4	121	166	291
Charge for the year	-	22	91	113
Charge on disposals	(4)	(85)	(75)	(164)
	-----	-----	-----	-----
At 30th September 1991	-	58	182	240
	-----	-----	-----	-----
Net book value:				
At 30th September 1991	967	78	332	1,377
	=====	=====	=====	=====
At 30th September 1990	812	135	313	1,260
	=====	=====	=====	=====

B I R C H   p l c

NOTES TO THE ACCOUNTS  
(Continued)

11. TANGIBLE FIXED ASSETS (continued)

Group	Analysis of Land and Buildings			
	Freehold investment properties £'000	Freehold land and buildings £'000	Leasehold improvements £'000	Total £'000
Cost:				
At 1st October 1990	608	199	9	816
Additions	264	175	-	439
Disposals	(80)	(199)	(9)	(288)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th September 1991	792	175	-	967
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At 1st October 1990	-	-	4	4
Charge for the year	-	-	-	-
On disposals	-	-	(4)	(4)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th September 1991	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:				
At 30th September 1991	792	175	-	967
	=====	=====	=====	=====
At 30th September 1990	608	199	5	812
	=====	=====	=====	=====

E I R C H p l c

NOTES TO THE ACCOUNTS  
(Continued)

11. TANGIBLE FIXED ASSETS (continued)

Company	Freehold investment properties £'000	Fixtures, fittings and motor vehicles £'000	Total £'000
Cost or valuation:			
At 1st October 1990	-	-	-
Additions	792	109	901
At 30th September 1991	<u>792</u>	<u>109</u>	<u>901</u>
Depreciation:			
At 1st October 1990	-	-	-
Charge for the year	-	-	-
At 30th September 1991	<u>-</u>	<u>-</u>	<u>-</u>
Net book value:			
At 30th September 1991	792 =====	109 =====	901 =====
At 30th September 1990	- =====	- =====	- =====

The investment properties on hand at 1st October 1990 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. The directors subsequently devalued some of these properties at 30th September 1990. Additions during the year are stated at cost.

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

	Group 1991 £'000	Group 1990 £'000	Company 1991 £'000
At Open Market Value	792	608	-
At historical cost	(711)	(531)	-
	<u>81</u> =====	<u>77</u> =====	<u>-</u> =====

B I R C H p l c

NOTES TO THE ACCOUNTS  
(Continued)

11. 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:

	Group		Company
	1991	1990	1991
	£'000	£'000	£'000
Net book value	342	308	91
	=====	=====	=====
Depreciation charged for year	95	92	37
	=====	=====	=====

# B I R C H   p l c

## NOTES TO THE ACCOUNTS (Continued)

### 12. 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
Birch Developments plc	ordinary shares of 10p each	Property developer
Granite Construction Ltd	ordinary shares of £1 each	Construction
Birch Homes Ltd	ordinary shares of £1 each	House Building
Evans Concrete Products Ltd	ordinary shares of £1 each	Pre-cast concrete manufacturer
Shannon Court (41) Ltd	ordinary shares of £1 each	Dormant

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

The subsidiary undertakings (with the exception of Evans Concrete Products Limited) were acquired by Birch plc on 18th December 1990 in exchange for the issue of ordinary shares as part of an Inland Revenue approved de-merger of the original Birch Developments plc group. The acquisition of the subsidiary undertakings has been accounted for by way of a merger in accordance with the accounting policies of the Group.

Westergate Interiors Ltd, a subsidiary of the Birch Developments plc group, was not acquired by Birch plc as part of the de-merger and none of the profit for the year shown in the Group accounts is attributable to the profit or loss of that undertaking.

Evans Concrete Products Ltd was formed during the year to acquire the assets and trade of a pre-cast concrete manufacturer.

On 30th September 1991 the assets and trade of Birch Developments plc were hived up to Birch plc in exchange for intercompany debt, and Birch Developments plc become dormant from 1st October 1991.

On 30th September 1991 the subsidiary undertakings were all transferred into the direct ownership of Birch plc having previously been held only indirectly by the holding company through a subsidiary undertaking.

### 13. STOCKS

	Group		Company
	1991	1990	1991
	£'000	£'000	£'000
Raw materials and consumables	24	71	-
Work in progress	2,796	2,496	1,761
Finished goods	273	708	212
	<u>3,093</u>	<u>3,275</u>	<u>1,973</u>
	=====	=====	=====

B I R C H   p l c

NOTES TO THE ACCOUNTS  
(Continued)

14. DEBTORS

	Group	Company
	1991 £'000	1990 £'000
Trade debtors	2,019	1,455
Amounts owed by group undertakings	-	254
Other debtors	239	124
Prepayments and accrued income	69	74
Recoverable corporation tax including advance corporation tax	13	-
	<u>2,340</u>	<u>1,653</u>
	=====	=====

15. CREDITORS: Amounts falling due within one year

Bank loans and overdrafts	240	-	488
Payments on account	680	263	-
Hire purchase obligations	126	139	30
Trade creditors	1,799	1,165	221
Amounts owed to group undertakings	-	-	2,137
Proposed dividend	10	-	10
Corporation tax	-	458	-
Other taxes and social security	76	185	8
Other creditors	45	50	31
Accruals	1,528	1,263	108
	<u>4,504</u>	<u>3,523</u>	<u>3,033</u>
	=====	=====	=====

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

Bank loans	417	867	417
Hire purchase obligations	127	115	29
Other creditors	-	8	-
	<u>544</u>	<u>990</u>	<u>446</u>
	=====	=====	=====

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

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)

17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

The minimum hire purchase payments to which the Group and Company were committed at 30th September 1991 fall due as follows:

	Group		Company
	1991	1990	1991
	£'000	£'000	£'000
Within one year	155	171	38
Between two and five years	149	143	34
	<u>304</u>	<u>314</u>	<u>72</u>
Less: Interest allocated to future periods	(51)	(60)	(13)
	<u>253</u>	<u>254</u>	<u>59</u>
	=====	=====	=====

18. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

Acquired from subsidiary undertakings	33	31
Profit and loss account	211	209
	<u>244</u>	<u>240</u>
At 30th September 1991	(42)	(42)
Less ACT recoverable		
	<u>202</u>	<u>198</u>
	=====	=====

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

Group	Amount provided		Total potential liability	
	1991	1990	1991	1990
	£'000	£'000	£'000	£'000
Accelerated capital allowances	4	5	4	5
Other timing differences	240	31	240	31
	<u>244</u>	<u>36</u>	<u>244</u>	<u>36</u>
	=====	=====	=====	=====
Company				
Accelerated capital allowances	-	-	-	-
Other timing differences	240	-	240	-
	<u>240</u>	<u>-</u>	<u>240</u>	<u>-</u>
	=====	=====	=====	=====



# B I R C H p l c

## NOTES TO THE ACCOUNTS (Continued)

### 19. CALLED UP SHARE CAPITAL

	Group 1991 £'000	1990 £'000	Company 1991 £'000
Authorised:			
Ordinary shares of 10p each	1,000 =====	1,000 =====	1,000 =====
Allotted, called up and fully paid:			
Ordinary shares of 10p each	58 =====	72 =====	58 =====

The Company was incorporated during the year with 20 ordinary shares of 10p each allotted, called up and fully paid (£2).

On 18th December 1990, the Company issued a further 579,420 ordinary shares of 10p each (£57,942) in exchange for 100% of the issued share capital in Birch Developments plc.

### 20. RESERVES

Group	Capital Reserve £'000	Profit and Loss Account £'000	Revaluation Reserve £'000	Total £'000
At 1st October 1990	72	1,603	46	1,721
Capital reserve arising on consolidation	14	-	-	14
Realisation of capital reserve on demerger of Westergate	(68)	68	-	-
Retained loss for the year	-	(232)	-	(232)
At 30th September 1991	18 =====	1,439 =====	46 =====	1,503 =====
Company	- =====	- =====	- =====	- =====

The revaluation reserve is made up as follows:

	1991 £'000
Freehold investment properties	46 =====

B I R C H p l c

NOTES TO THE ACCOUNTS  
(Continued)

21. PENSION COMMITMENTS

The Company and Group operate a contributory pension scheme for certain Directors and employees. The scheme funds are administered by an insurance company and are independent of the Group's finances. At the 30th September the Group had an outstanding pension creditor of £56k.

22. OPERATING LEASE COMMITMENTS

The Group had annual commitments under non-cancellable operating leases falling due within the following periods from the balance sheet date:

	Other assets £'000
Within one year	7
	=====

23. CAPITAL COMMITMENTS

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

24. CONTINGENT LIABILITIES

The Group has contingent liabilities in respect of project-related performance bonds amounting to £531k.

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

An unlimited guarantee has been given by the Company in respect of any overdraft of the Group.