

# UNITED HOUSE LIMITED

Registered No. 817560

## **Directors' Report 31 December 2004**

The Directors present their annual report and audited accounts for the year ended 31 December 2004. This report should be read in conjunction with the statements set out in pages 6 to 19 of these accounts.

### **Principal Activities and Business Review**

Throughout 2004 the United House group of Companies (the Group) experienced the expected growth in its main area of operations in the social housing sector. The government's drive towards the universal provision of 'Decent Homes' by 2010 has had a significant effect on this market place and the Group is uniquely placed to benefit because of its extensive experience of working in occupied dwellings. The majority of this work is carried out under long term (three to five year) partnering contracts, which provided 70% of the Group's contracting turnover in 2004.

In a different sector of the social housing market, the Group continues to be a major player in the introduction of the Private Finance Initiative (PFI) to the social housing market. During 2004, in addition to continuing the delivery stage of the first ever housing PFI project in the UK, which commenced in the London Borough of Islington in 2003, the Group was involved in the production of a further three bids for large PFI schemes in London. This has involved the Group in considerable investment which we believe will result in increased involvement in this expanding sector.

On a cautionary note, the bidding process on PFI projects is extremely time consuming and very expensive and, although the Group expects this form of procurement to remain an important part of the Government's strategy for social housing, the very long gestation period for each project is tremendously frustrating for all parties involved.

During the year the Group also continued to invest time and money working alongside its Social Housing partners in negotiating two major estate regeneration projects on brown-field sites in London.

The other main area of operation is its central London property development business, which it carries out under the banner of Modern City Living. During 2004 the Group concentrated its efforts in this area on achieving sales of completed units, introducing, in common with many other developers, discounts and other incentives to secure sales.

For most of the year a policy was adopted of only considering new developments that consisted of small schemes which could be completed relatively quickly. The Group had three developments in progress at the end of 2004 for sale in 2005. Having successfully reduced work in progress, in October 2004 the Group acquired a development site in Islington on which it intends to construct 113 flats for private sale.

In order to support the growth in its contracting business, the Group increased its workforce by 20% in the year and expanded its supply chain of suppliers and sub-contractors. All new staff were successfully assimilated into the business, while the Group continued to invest in training existing staff in the skills required in an ever changing working environment.

Longer term stability has enabled the Group to continue to invest in the infrastructure required to support a higher level of activity. During the year the Group began the task of resourcing replacement software for its entire suite of business applications. This was a long and complicated exercise involving significant amounts of key management input to arrive at a shortlist of suppliers. The Enterprise One solution from Peoplesoft (now Oracle) was chosen as the most appropriate system; through the remainder of the year our staff worked closely with the software providers, tailoring the software and preparing for the migration of our legacy data to the new platform. With the switch to the new system in February 2005, the Group now has the IT tools to drive efficiency improvements throughout the business; this will enable us to work on a more open and collaborative basis with both clients and suppliers. The Group will continue to develop the innovative use of IT to provide improvements throughout its operations and in the delivery of services to its customers.

Further details of the Group's activities can be found on our website. This website has proved extremely popular with people interested in the Group, its projects, its employees and career opportunities and now receives in excess of 3000 visits each month.

This activity in the social and private housing markets has allowed the Group to increase considerably the size of its order book and we can confidently predict further increases in 2005 and beyond.



## Directors' Report 31 December 2004

### Results for the Year

Turnover for the Group for the year was £86,193,000 (2003: £68,087,000) and the profit before taxation was £708,000 (2003: £469,000).

The Directors recommend a final dividend of £1,088.85 per share (2003: £nil). Movements in reserves are shown in Note 17 on page 17.

### Post Balance Sheet Events

On 4 January 2005, the group was restructured to reflect the reality of current operations. The issued share capital of 19 of the Group's Subsidiary Undertakings were transferred to United House Group Limited (by way of a dividend in specie), then on 5 January 2005 to UHG Limited and finally to United House Solutions Limited (3 Subsidiaries) and Modern City Living Limited (14 Subsidiaries). United House Solutions Limited and Modern City Living Limited are, from 5 January 2005, wholly owned subsidiaries of UHG Limited, a subsidiary of United House Group Limited.

Also on 5 January 2005 the issued share capital of the Company was transferred to UHG Limited, a subsidiary of United House Group Limited, the Company's ultimate parent undertaking.

### Directors and Directors' Interests

The Directors of the Company during the year were as follows:

Mr J W Adams	
Mr R A Allen	
Mr D W Barnes	(resigned 22 November 2004)
Mr C P Dixon	(appointed 18 April 2005)
Mr K B Duggan	
Mr S P Greene	(resigned 4 January 2005)
Mr P R Greenwood	(appointed 1 April 2004)
Mr D J Hay	
Mr J D Hindle	
Mr A S Mickleburgh	(resigned 4 January 2005)
Mr R A Perkins	(resigned 24 March 2005)
Mrs D C Poulter	(resigned 30 June 2004)
Mr R J Roberts	(appointed 7 May 2004)
Mr A E Scurfield	

The Directors of the Company have no interests in the shares of the Company. Mr Adams is also a Director of United House Group Limited, the Company's ultimate parent undertaking. His interests in the shares of that Company are disclosed in the accounts of that Company as appropriate.

### Staff Involvement

#### *Employee environment*

The Directors continue to recognise the contribution that all employees make to the Company's success. The Company's policy is to maintain good working relationships at all levels and to keep employees informed of current trading conditions and future prospects. This is achieved through newsletters and the Company's intranet which is the foremost medium for staff communication and is updated each day with relevant information. Encouragement is also given in the training, care, development and promotion of all employees according to opportunities available, organisational requirements and individual aptitudes and abilities.

#### *Equal opportunities*

The Company takes positive measures to ensure that there is no discrimination, either direct or indirect, in its employment practices on the grounds of race, sex, religion or ethnic background. In its recruitment and employment practices, the Company gives full consideration to disabled persons, based on their ability to perform the duties of the job. Where an employee becomes disabled whilst employed by the Company, arrangements are made, wherever possible, for retraining in order to perform a job identified as appropriate to the aptitude and abilities of the individual concerned.

# UNITED HOUSE LIMITED

## Directors' Report 31 December 2004

### Health and Safety

The Company regards Health and Safety issues as vitally important. Staff receive training in all aspects of Health and Safety relevant to the Company's business and they are expected to give priority to these matters in planning and performing their work. As a result the Company has now won a prestigious safety award from the British Safety Council for the tenth year in a row, underlining the continuing commitment to Health and Safety. Copies of the Company's Health and Safety policy document are available at all of its offices and sites.

### Charitable Donations

During 2004 the Company made charitable contributions of £107,773 (2003: £41,449).

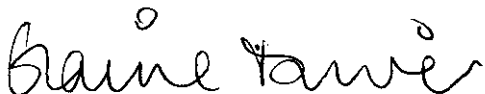
### Fixed Assets

Details of changes to fixed assets are given in Note 11 to the accounts.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board



**E Driver**  
**Company Secretary**

18 July 2005

**United House**  
**Goldsel Road**  
**Swanley**  
**Kent BR8 8EX**

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss for that year. In preparing those accounts the Directors are required to:

- select suitable accounting policies and 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 accounts;
- prepare accounts on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

## **Independent auditors' report to the members of United House Limited**

We have audited the financial statements on pages 6 to 19.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and auditors**

The Directors are responsible for preparing the Directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

### **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 affairs of the Company and Group as at 31 December 2004 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*

**KPMG LLP  
Chartered Accountants  
Registered Auditor**

**18 July 2005**

**1 Forest Gate  
Brighton Road  
Crawley  
RH11 9PT**

# UNITED HOUSE LIMITED

## Consolidated Profit and Loss Account For the year ended 31 December 2004

	<i>Note</i>	2004 £000	2003 £000
<b>Turnover: group and share of joint ventures</b>	2	86,193	68,087
Share of turnover of joint ventures	26	(4,740)	(3,324)
<b>Group turnover</b>		81,453	64,763
Cost of sales		(68,666)	(53,957)
<b>Gross profit</b>		12,787	10,806
Distribution costs		(1,542)	(1,492)
Administration expenses		(11,128)	(10,129)
Other operating income		32	1,536
<b>Group operating profit</b>		149	721
Share of operating profit / (loss) in joint ventures	26	325	(188)
<b>Total operating profit</b>		474	533
Net interest receivable / (payable) and similar items	3	234	(64)
<b>Profit on ordinary activities before taxation</b>	4	708	469
Taxation on profit on ordinary activities	7	(286)	(144)
<b>Profit on ordinary activities after taxation</b>		422	325
<b>Dividends payable</b>	8	(109)	-
<b>Retained profit for the financial year</b>	17	313	325

The results stated above all relate to continuing operations.

## Reconciliation of Movements in Shareholders' Funds For the year ended 31 December 2004

	2004 £000	2003 £000
Profit for the financial year	422	325
Dividends payable	(109)	-
Net addition to shareholders' funds	313	325
Opening shareholders' funds	6,930	6,605
Closing shareholders' funds	7,243	6,930

Historical cost profits and losses are not materially different from those shown above. There are no recognised gains and losses other than those shown above.

Movements in reserves are shown in Note 17 on page 17.

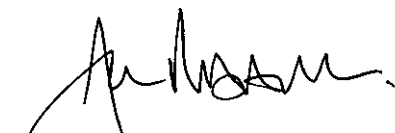
The notes on pages 10 to 19 form part of these accounts.

# UNITED HOUSE LIMITED

## Consolidated Balance Sheet At 31 December 2004

	<i>Note</i>	2004 £000	2003 £000
<b>Fixed assets</b>			
Intangible assets - Goodwill	9	(254)	(254)
Tangible assets	10	393	234
Investments in joint ventures:			
Share of gross assets		7,713	-
Share of gross liabilities		(7,576)	-
		137	-
Loans to joint ventures	11	1,283	2,043
		<u>1,559</u>	<u>2,023</u>
<b>Current assets</b>			
Stocks	12	19,083	17,719
Debtors (including £310,000 (2003: £128,000) due after more than one year)	13	9,181	9,376
Cash at bank and in hand		7	20
		<u>28,271</u>	<u>27,115</u>
<b>Creditors: amounts falling due within one year</b>	14a	(21,759)	(21,458)
<b>Net current assets</b>		<u>6,512</u>	<u>5,657</u>
<b>Total assets less current liabilities</b>		8,071	7,680
<b>Creditors: amounts falling due after more than one year</b>	14b	(365)	(72)
<b>Provision for joint venture deficit:</b>			
Share of gross assets		-	8,670
Share of gross liabilities		-	(8,998)
		-	(328)
<b>Provisions for liabilities and charges</b>	15	(463)	(350)
		<u>7,243</u>	<u>6,930</u>
<b>Capital and reserves</b>			
Called up share capital	16	-	-
Profit and loss account	17	7,243	6,930
Equity Shareholders' funds		<u>7,243</u>	<u>6,930</u>

These accounts were approved by the Board of Directors on 18 July 2005 and were signed on its behalf by:



**J W Adams, Director**

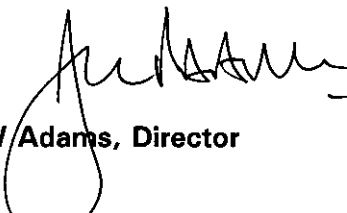
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# UNITED HOUSE LIMITED

## Company Balance Sheet At 31 December 2004

	<i>Note</i>	<b>2004 £000</b>	<b>2003 £000</b>
<b>Fixed assets</b>			
Tangible assets	10	393	234
Investments	11	444	1,204
		<u>837</u>	<u>1,438</u>
<b>Current assets</b>			
Stocks	12	717	417
Debtors (including £91,000 (2003: £48,000) due after more than one year)	13	25,873	25,703
Cash at bank and in hand		-	-
		<u>26,590</u>	<u>26,120</u>
<b>Creditors: amounts falling due within one year</b>	14a	<u>(18,300)</u>	<u>(18,930)</u>
<b>Net current assets</b>		<u>8,290</u>	<u>7,190</u>
<b>Total assets less current liabilities</b>		9,127	8,628
<b>Creditors: amounts falling due after more than one year</b>	14b	(365)	(72)
<b>Provisions for liabilities and charges</b>	15	<u>(463)</u>	<u>(350)</u>
		<u>8,299</u>	<u>8,206</u>
<b>Capital and reserves</b>			
Called up share capital	16	-	-
Profit and loss account	17	8,299	8,206
Equity Shareholders' funds		<u>8,299</u>	<u>8,206</u>

These accounts were approved by the Board of Directors on 18 July 2005 and were signed on its behalf by:

  
**J W Adams, Director**

The notes on pages 10 to 19 form part of these accounts.



# UNITED HOUSE LIMITED

## Consolidated Statement of Cashflows For the year ended 31 December 2004

	<i>Note</i>	2004 £000	2004 £000	2003 £000	2003 £000
Net cash (outflow) / inflow from operating activities	22		(1,179)		7,594
Returns on investments and servicing of finance					
Interest paid	3	(128)		(400)	
Interest received	3	156		97	
			28		(303)
Taxation			(381)		(856)
Capital expenditure and financial investment					
Issue of loans to joint venture		-		(1,282)	
Repayment of loans from joint venture		760		-	
Purchase of tangible fixed assets	10	(366)		(103)	
			394		(1,385)
Acquisitions and Disposals					
Acquisition of subsidiary undertakings			-		4
Net cash (outflow) / inflow before financing			(1,138)		5,054
Financing					
Net change in bank loans			1,125		(5,037)
(Decrease) / increase in cash in the year	23		(13)		17

## Reconciliation of net cash flow to movement in net debt For the year ended 31 December 2004

	2004 £000	2003 £000
(Decrease) / increase in cash in the period	(13)	17
Net change in bank loans	(1,125)	5,037
Movement in net debt in the period	(1,138)	5,054
Net debt at the start of the period	(2,094)	(7,148)
Net debt at the end of the period	(3,232)	(2,094)

**Year ended 31 December 2004**  
**Notes to the Accounts**

**1. Principal accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's and the Group's accounts.

**(a) Basis of accounting**

The consolidated accounts include the accounts of the Company and its subsidiary undertakings to 31 December of each year. The profits and losses of subsidiary undertakings are consolidated from the date of acquisition. All assets and liabilities that exist at the date of acquisition are recorded at their fair values at that date. All changes to those assets and liabilities, and the resulting gains and losses that arise after the date of acquisition, are charged to the post acquisition profit and loss account.

In accordance with S230 of the Companies Act 1985 a separate profit and loss account dealing with the results of the Company has not been presented. The Company's profit for the financial year was £92,883 (2003: £1,393,897).

The accounts have been prepared in accordance with applicable accounting standards and with the requirements of the Companies Act 1985, except as explained below.

**(b) True and fair view**

Prior to becoming a subsidiary undertaking, Unitary Limited (Unitary) was accounted for as a joint venture. In accordance with FRS 2, and in order to give a true and fair view, purchased goodwill was calculated as the sum of the goodwill arising on each purchase of shares in Unitary, being the difference at the date of each purchase between the fair value of the consideration given and the fair value of the identifiable assets and liabilities attributable to the interest purchased. This represented a departure from the statutory method, under which goodwill is calculated as the difference between cost and fair value on the date that Unitary became a subsidiary undertaking. The statutory method would not give a true and fair view because it would result in the group's share of Unitary's retained reserves, during the period that it was a joint venture, being re-characterised as goodwill. The effect of this departure was to decrease consolidated retained profits by £534,000 in 2003 and to decrease purchased goodwill recognised by £534,000.

**(c) Depreciation**

Depreciation is provided on the straight line basis so as to write off the assets to their estimated residual value over their anticipated useful lives at the following rates:

Computer equipment:	20% - 33%
Other plant and equipment:	14% - 33%
Motor vehicles:	10% - 33%

**(d) Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost includes all production overheads and the attributable proportion of indirect overhead expenses. Cost also includes financing costs where loans are taken out to directly fund property development projects.

**(e) Long term contracts**

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses which are foreseen. Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

**(f) Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

# UNITED HOUSE LIMITED

## Year ended 31 December 2004 Notes to the Accounts

### (g) *Leases*

Assets held under finance leases (including hire purchase contracts) are capitalised at the fair value of the asset with an equivalent liability (net of finance charges allocated to future periods) included within creditors. Assets are depreciated over the lease term. Finance charges are allocated over the life of each lease to produce a constant rate of return on the outstanding balance.

Operating leases are charged to the profit and loss account on a straight line basis over the lease term.

### (h) *Goodwill*

Goodwill arising on the acquisition of shares in subsidiary undertakings is capitalised and amortised over its useful economic life. Prior to 1998 goodwill was written off to reserves in the year in which the acquisition took place. The goodwill written off in relation to acquisitions made prior to 23 December 1989 has not been disclosed since the information is not readily available. Negative goodwill is released to the profit and loss account on a time expired basis over the construction period of the projects to which the negative goodwill relates.

### (i) *Pensions*

The Group operates a discretionary defined contribution scheme. This is a money purchase scheme and is operated on an individual employee basis by the Trustees. It is funded in accordance with the Trust Deed and the Company's contributions are charged to the profit and loss account in the year in which contributions are made. At 31 December 2004 there were no contributions outstanding (2003 £nil).

### (j) *Joint ventures*

A joint venture is an undertaking in which the group has a long term interest and over which it exercises joint control. The group's share of the profits less losses of joint ventures is included in the consolidated profit and loss account and its interest in their net assets / (liabilities) is included in investments / (provisions) in the consolidated balance sheet.

## 2. **Turnover**

Turnover represents the total amount receivable by the Group for goods sold, work done and services rendered during the year and is exclusive of VAT. The Group trades largely in the South East of England and turnover arises principally from house building, housing refurbishment and commercial refurbishment. Turnover arising from residential and commercial property sales is recognised on legal completion.

## 3. **Net interest (receivable) / payable and similar items**

	2004 £000	2003 £000
Amounts payable on bank loans and overdrafts	120	399
Other interest payable	8	1
<b>Group interest payable</b>	<b>128</b>	<b>400</b>
Share of joint ventures' interest payable	161	250
<b>Group and share of joint ventures' interest payable</b>	<b>289</b>	<b>650</b>
Group interest capitalised on development projects	(120)	(399)
	<b>169</b>	<b>251</b>
 Group interest receivable	(156)	(97)
Share of joint ventures' interest receivable	(247)	(90)
<b>Group and share of joint ventures' interest receivable</b>	<b>(403)</b>	<b>(187)</b>
 <b>Net interest (receivable) / payable and similar items</b>	<b>(234)</b>	<b>64</b>

# UNITED HOUSE LIMITED

## Year ended 31 December 2004 Notes to the Accounts

### 4. Profit on ordinary activities before taxation

	2004 £000	2003 £000
The Profit before taxation is stated after charging / (crediting):		
Depreciation of tangible fixed assets:-		
Owned	207	193
Auditors remuneration:-		
Audit fee	64	60
Other services	80	159
Other operating lease charges	<u>325</u>	<u>269</u>

Audit fees for the Company and the Group were £64,000 (2003: £60,000).

### 5. Emoluments of the Directors

	2004 £000	2003 £000
Emoluments	1,218	961
Contributions to money purchase pension schemes in respect of 11 directors (2003: 10 directors)	<u>96</u>	<u>94</u>
	<u>1,314</u>	<u>1,055</u>

Included above are the following amounts in respect of the highest paid Director: emoluments £236,017 (2003: £185,529), contributions to money purchase pension schemes £12,817 (2003: £7,000).

### 6. Staff costs

The aggregate payroll costs of the group were as follows:

	2004 £000	2003 £000
Wages and salaries	10,338	8,489
Social security costs	1,246	1,012
Other pension costs	<u>558</u>	<u>496</u>
	<u>12,142</u>	<u>9,997</u>

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

	2004 Number	2003 Number
Management	27	26
Administration	107	94
Technical	15	15
Operations	<u>169</u>	<u>135</u>
	<u>318</u>	<u>270</u>

# UNITED HOUSE LIMITED

## Year ended 31 December 2004 Notes to the Accounts

### 7. Taxation on profit on ordinary activities

	2004 £000	2003 £000
<i>UK Corporation Tax</i>		
Corporation tax for the year *	170	217
Adjustments for prior periods **	116	(73)
Total current tax	286	144
Deferred tax	-	-
Tax on profit on ordinary activities	286	144

The current tax charge for the period is higher (2003: higher) than the standard rate of corporation tax in the UK of 30%.

The differences are explained below:

Profit on ordinary activities before taxation	708	469
Current tax at 30%	212	141
<i>Effects of</i>		
Expenses not deductible for tax purposes	111	147
Capital allowances in excess of depreciation	(33)	(15)
Other timing differences	82	(56)
Adjustments in respect of lower rates	(1)	-
Partial waiver of a number of loan balances due from a subsidiary	(201)	-
Adjustments in respect of prior periods	116	(73)
Total current tax charge	286	144

\* Parent and subsidiaries £47,000 (2003: £321,000) plus share of tax payable in joint ventures £123,000 (2003: less share of group relief receivable in joint ventures £104,000).

\*\* Parent and subsidiaries £100,000 (2003: £75,000) plus share of tax payable in joint ventures £16,000 (2003: less share of tax payable in joint ventures £2,000).

The Group has potential deferred tax assets of £267,000 (2003: £157,000) arising from timing differences between capital allowances and depreciation of £180,000 (2003: £157,000) and from trading losses in a subsidiary of £87,000 (2003: £nil). The asset has not been provided due to uncertainty surrounding the timing of future recovery.

### 8. Dividends

	2004 £000	2003 £000
Dividends payable, £1,088.85 per share (2003: £nil)	109	-

### 9. Intangible fixed assets

<i>Group</i>	Goodwill £000
Cost at 1 Jan 2004	(254)
Additions	-
Cost at 31 Dec 2004	(254)
Amortisation at 1 Jan 2004	-
Charge for the year	-
Amortisation at 31 Dec 2004	-
Net book value at 31 Dec 2004	(254)
Net book value at 31 Dec 2003	(254)

# UNITED HOUSE LIMITED

## Year ended 31 December 2004 Notes to the Accounts

### 10. Tangible fixed assets

<i>Group</i>	Motor Vehicles	Plant and Machinery	Fixtures, Fittings, Tools & Equipment	Total
	£000	£000	£000	£000
Cost at 1 Jan 2004	18	825	89	932
Additions	-	283	83	366
Disposals	-	-	(6)	(6)
Cost at 31 Dec 2004	18	1108	166	1,292
Depreciation at 1 Jan 2004	16	642	40	698
Charged in year	1	183	23	207
Eliminated on disposal	-	-	(6)	(6)
Depreciation at 31 Dec 2004	17	825	57	899
Net book value at 31 Dec 2004	1	283	109	393
Net book value at 31 Dec 2003	2	183	49	234

<i>Company</i>	Motor Vehicles	Plant and Machinery	Fixtures, Fittings, Tools & Equipment	Total
	£000	£000	£000	£000
Cost at 1 Jan 2004	18	825	83	926
Additions	-	283	83	366
Cost at 31 Dec 2004	18	1,108	166	1,292
Depreciation at 1 Jan 2004	16	642	34	692
Charged in year	1	183	23	207
Depreciation at 31 Dec 2004	17	825	57	899
Net book value at 31 Dec 2004	1	283	109	393
Net book value at 31 Dec 2003	2	183	49	234

### 11. Fixed asset investments

	Group 2004 £000	Group 2003 £000	Company 2004 £000	Company 2003 £000
Cost of shares in subsidiary undertakings	-	-	1	1
Shares in joint ventures	-	-	5	5
Loans to joint ventures	1,283	2,043	438	1,198
	1,283	2,043	444	1,204

Shares in subsidiary undertakings and joint ventures are carried at cost less dividends paid out of pre-acquisition reserves. The subsidiary undertakings and joint ventures set out below are all registered in England and Wales and, unless otherwise stated, 100% of the ordinary shares are owned.

# UNITED HOUSE LIMITED

## Year ended 31 December 2004 Notes to the Accounts

### 11. Fixed asset investments (continued)

#### *Joint ventures*

PFI Islington (Holdings) Ltd

45% of the ordinary shares are owned by United House Solutions Ltd

Partners For Improvement in Islington Ltd

100% of the ordinary shares are owned by PFI Islington (Holdings) Ltd

U B Developments Ltd

50% of the ordinary shares are owned by United House Ltd.  
The accounting period end is 30 April.

#### *Principal Activities*

Holding company

Housing management

Property development

#### *Subsidiaries*

i) Argos Building & Heating Supplies Ltd

Harp Contracts Ltd

Isis Investments Ltd

UHL Ltd

Unitary Ltd

ii) Modern City Living Ltd

United House Solutions Ltd

#### *Principal Activities*

Dormant

Dormant

Dormant

Dormant

Property development

Dormant

Organisation of innovative solutions for the development and regeneration of social housing

iii) Partners For Improvement in Ashford Ltd

Partners For Improvement in Camden Ltd

Partners For Improvement in Lewisham Ltd

iv) Appointclass Ltd

Arundel Square Developments Ltd

Calverside Ltd

City Edge Developments Ltd

Glacier Way Developments Ltd

Holborn Village Developments Ltd

Hosier Lane Developments Ltd

Knights Court Developments Ltd

Macklin Street Developments Ltd

Regency Developments Ltd

Smithfield Developments Ltd

Snow Hill Properties Ltd

Tufton Developments Ltd

Trafalgar Grove Developments Ltd

Knights Court Residents Property Management Ltd

Company Limited by guarantee - Current member is Knights Court Developments Ltd

Smithfield Residents Property Management Ltd

Company Limited by guarantee - Current member is Smithfield Developments Ltd

Smithfield RPM Ltd -

formerly Smithfield Residents Property Management Ltd

Company Limited by guarantee - Current member is Smithfield Developments Ltd

Snow Hill Residents Property Management Ltd

Company Limited by guarantee - Current member is Snow Hill Properties Ltd

Dormant

Dormant

Dormant

Dormant

Property development

Dormant

Dormant

Property development

Property development

Property development

Property development

Property development

Dormant

Property development

Property development

Property development

Dormant

Dormant

Dormant

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Dormant

# UNITED HOUSE LIMITED

## Year ended 31 December 2004 Notes to the Accounts

### 11. Fixed asset investments (continued)

As part of a group restructuring to reflect the reality of current operations (refer Note 24) the issued share capitals of various Subsidiary Undertakings were transferred as follows:

On 4 January 2005 shares held in the Companies in section (ii) above were transferred to United House Group Limited by way of a dividend in specie. Then, on 5 January 2005 the shares were transferred to UHG Limited.

On 4 January 2005 shares held in the Companies in section (iii) above were transferred to United House Group Limited by way of a dividend in specie. Then, on 5 January 2005 the shares were transferred to UHG Limited and finally to United House Solutions Limited.

On 4 January 2005 shares held in the Companies in section (iv) above were transferred to United House Group Limited by way of a dividend in specie. Then, on 5 January 2005 the shares were transferred to UHG Limited and finally to Modern City Living Limited.

### 12. Stocks

	<b>Group 2004 £000</b>	<b>Group 2003 £000</b>	<b>Company 2004 £000</b>	<b>Company 2003 £000</b>
Work in progress	18,366	17,302	-	-
Finished goods and goods for resale	717	417	717	417
	<u>19,083</u>	<u>17,719</u>	<u>717</u>	<u>417</u>

### 13. Debtors

	<b>Group 2004 £000</b>	<b>Group 2003 £000</b>	<b>Company 2004 £000</b>	<b>Company 2003 £000</b>
Trade debtors	6,867	5,554	6,867	5,554
Amounts recoverable on contracts	737	1,294	737	1,294
Amounts due from parent company	47	-	47	-
Amounts due from subsidiary undertakings	-	-	17,201	16,776
Corporation tax	206	-	120	-
Other debtors	237	482	42	113
Prepayments and accrued income	1,087	2,046	859	1,966
	<u>9,181</u>	<u>9,376</u>	<u>25,873</u>	<u>25,703</u>

The following amounts included above are receivable in more than one year:-

Trade debtors	<u>310</u>	<u>128</u>	<u>91</u>	<u>48</u>
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# UNITED HOUSE LIMITED

## Year ended 31 December 2004 Notes to the Accounts

### 14a. Creditors: amounts falling due within one year

	Group 2004 £000	Group 2003 £000	Company 2004 £000	Company 2003 £000
Bank Loan	3,239	2,114	-	-
Amounts owed to fellow subsidiary undertakings	9,939	11,092	9,939	11,145
Amounts owed to subsidiary undertakings	-	-	12	-
Payments on account	627	250	592	220
Trade creditors	1,363	1,637	1,363	1,636
Corporation tax	-	28	-	156
Other taxes and social security	163	351	205	447
Other creditors	1,364	1,971	1,355	1,838
Accruals and deferred income	5,064	4,015	4,834	3,488
	<u>21,759</u>	<u>21,458</u>	<u>18,300</u>	<u>18,930</u>

The bank loan was secured on the property at 6-8 St John's Square, London EC1 and carried interest at base rate plus 1.35%. The loan was repaid on 20 April 2005.

### 14b. Creditors: amounts falling due after more than one year

	Group 2004 £000	Group 2003 £000	Company 2004 £000	Company 2003 £000
Due between one and two years:-				
Other creditors	<u>365</u>	<u>72</u>	<u>365</u>	<u>72</u>

### 15. Provisions for liabilities and charges

#### Group and Company:- Repairs Provision

	2004 £000	2003 £000
Balance at 1 January	350	449
Charge / (credit) to the profit and loss account	113	(99)
Balance at 31 December	<u>463</u>	<u>350</u>

Under the terms of certain of its contracts, the Group is liable for the cost of rectifying defects for a period of 12 months after practical completion of such contracts. This provision represents the Directors' estimate of the likely cost of this liability.

There is no potential liability to deferred taxation.

### 16. Share capital

#### Group and Company

	2004 £	2003 £
Authorised, allotted, called up and fully paid: 100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

### 17. Profit and loss account

	Group £000	Company £000
Balance at 1 January 2004	6,930	8,206
Retained profit for the financial year	313	93
Balance at 31 December 2004	<u>7,243</u>	<u>8,299</u>

# UNITED HOUSE LIMITED

## Year ended 31 December 2004 Notes to the Accounts

### 18. Contingent liabilities

In the construction industry disputes sometimes arise in the normal course of business and can lead to litigation or arbitration proceedings. On the basis of the information available, the directors are of the opinion that these claims will not give rise to liabilities which will have a material effect on these accounts. Consequently, no provision against these claims is required.

In the normal course of business the Company has guaranteed performance bonds, in respect of construction contracts, to both providers of the bond and other parties to the contracts.

### 19. Leasing commitments

Operating lease payments to be made during the following year on motor vehicles are analysed between those for which the commitment expires as follows:

	Group 2004 £000	Group 2003 £000	Company 2004 £000	Company 2003 £000
Within one year	55	50	55	50
Two to five years	106	111	106	111
	<u>161</u>	<u>161</u>	<u>161</u>	<u>161</u>

### 20. Commitments

There were no capital commitments at either 31 December 2003 or 2004 for which provision had not been made in these accounts.

### 21. Floating Charge

The Company has charged its assets by way of fixed and floating charges to secure certain liabilities of United House Group Limited, this Company's parent undertaking. As at the 31 December 2004 the aggregate amount secured by these charges was £3,793,612 (2003: £7,372,666).

### 22. Reconciliation of operating profit to operating cashflows

	2004 £000	2004 £000	2003 £000	2003 £000
Group operating profit		149		721
Depreciation of tangible fixed assets	207		193	
Movements in provisions	<u>113</u>		<u>(99)</u>	
		320		94
		469		815
(Increase) / Decrease in stock		(1,437)		7,125
Decrease / (Increase) in debtors		402		(3,772)
(Decrease) / Increase in creditors		<u>(613)</u>		<u>3,426</u>
Net cash (outflow) / inflow from operating activities		<u>(1,179)</u>		<u>7,594</u>

### 23. Analysis of net debt

	1 Jan 04 £000	Cash flow £000	31 Dec 04 £000
Cash at bank	20	(13)	7
Bank Loans	<u>(2,114)</u>	<u>(1,125)</u>	<u>(3,239)</u>
	<u>(2,094)</u>	<u>(1,138)</u>	<u>(3,232)</u>

Year ended 31 December 2004  
Notes to the Accounts

**24. Post balance sheet events**

On 4 January 2005, the group was restructured to reflect the reality of current operations. The issued share capital of 19 of the Group's Subsidiary Undertakings were transferred to United House Group Limited (by way of a dividend in specie), then on 5 January 2005 to UHG Limited and finally to United House Solutions Limited (3 Subsidiaries) and Modern City Living Limited (14 Subsidiaries). United House Solutions Limited and Modern City Living Limited are, from 5 January 2005, wholly owned subsidiaries of UHG Limited, a subsidiary of United House Group Limited (refer Note 12).

Also on 5 January 2005 the issued share capital of the Company was transferred to UHG Limited, a subsidiary of United House Group Limited, the Company's ultimate parent undertaking.

**25. Related parties**

As the Company is a wholly owned subsidiary of United House Group Limited and 100% of the Company's voting rights are controlled within the group headed by United House Group Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of United House Group Limited, within which this Company is included, can be obtained from the address given on page 3.

United House Limited (UHL) holds 50% of the issued share capital of U B Developments Limited. During the year UHL carried out construction work and marketing services to the value of £255,000 (2003: £3,539,000). At 31 December 2004, UHL was owed £6,000 in relation to this work (2003: £18,000). At the year end, the loan outstanding from U B Developments Limited totalled £437,500 (2003: £1,197,500).

United House Solutions Limited (UHS), a 100% subsidiary of UHL, holds 45% of the issued share capital of PFI Islington (Holdings) Ltd (PFIH). At the year end, the loan outstanding from PFIH to UHS totalled £845,000 (2003: £845,000). Interest is payable on the loan at 14.5% (2003: 14.5%), at 31 December 2004 interest of £218,923 (2003: £79,944) was accrued. During the year UHL carried out construction work for Partners For Improvement in Islington Limited, a 100% subsidiary of PFIH, to the value of £11,659,000 (2003: £1,662,000). At 31 December 2004, UHL was owed £1,116,000 in relation to this work (2003: £357,000).

**26. Joint ventures**

The Company has a 50% shareholding in UB Developments Limited, a joint venture company. The Company's share of profit after tax for 2004 amounted to £221,000 (2003: £20,000) and share of net assets for 2004 amounted to £182,000 (2003: net liabilities £232,000).

Indirectly, as detailed in note 25, the Company has a 45% share in Partners For Improvement in Islington Limited. The Company's share of profit after tax for 2004 amounted to £51,000 (2003: loss after tax £96,000) and share of net liabilities for 2004 amounted to £45,000 (2003: £96,000).

**27. Ultimate parent undertaking**

The Company is a direct subsidiary undertaking of United House Group Limited, registered in England and Wales, which is also the Company's ultimate parent undertaking.