

# UNITED HOUSE LIMITED

DIRECTORS' REPORT AND ACCOUNTS  
YEAR ENDED 31ST DECEMBER 1995



**DIRECTORS' REPORT AND ACCOUNTS**

Registered No. - 817560

**YEAR ENDED 31ST DECEMBER 1995**

The Directors present their annual report and the audited accounts for the year ended 31st December 1995. This report should be read in conjunction with the statements set out in pages 4 to 12 of these accounts.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

United House is a long established building contractor specialising in work for the social housing sector. The Company operates from the Group's 10 acre freehold site at Swanley, Kent.

During 1995 the Company achieved its targets of concentrating on its core markets and improving the quality of service to its customers. This resulted in a return to profitability. United House can look forward to still further improvements in 1996.

As reported in last year's accounts, at the end of 1994 the Company decided to withdraw from uneconomic design-and-build contracting. Despite the continuing recession in the building industry, this policy enabled the company to return to profit in 1995. This achievement is testament to the continuing goodwill and reputation for quality that the Company enjoys.

During the year the Company created a number of opportunities to work in partnership with clients to provide new social housing and to improve their existing housing stock. As an example, United House has come to an arrangement with a leading merchant bank to offer Local Authorities and Housing Associations deferred payment terms for improvement work to their housing stock. Generally, this work covers the installation of heating systems, new kitchens and bathrooms. Other partnership schemes have involved the Company providing short term funding for the purchase of land by Housing Associations. Clients have been happy to negotiate the associated building contract, knowing that United House will deliver a quality product on time and for the agreed cost.

Turnover for the year was £30,436,000 (1994: £37,562,000) and the profit before taxation was £808,000 (1994: loss £1,247,000).

The Directors do not recommend the payment of a dividend (1994: nil). Transfers to and from reserves are noted on page 11.

**DIRECTORS AND DIRECTORS' INTERESTS**

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

Mr J W Adams	
Mr R A Allen	
Mr M Castle	(resigned 8th August 1995)
Mr K B Duggan	
Mr J D Hindle	
Mr P Lawton	
Mr R A Perkins	
Mr L G Vesey	(resigned 28th July 1995)
Mr S Westaway	(resigned 27th July 1995)

The Directors of the Company have no interests in the shares of the Company. At 31st December 1995 both Mr Adams and Mr Duggan were also Directors of United House Group Limited, the Company's ultimate parent undertaking. Their interests in the shares of that company are disclosed in the accounts of that company as appropriate.

## DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31ST DECEMBER 1995

### STAFF INVOLVEMENT

#### Employee Environment -

During the year employees of the Company have continued to be kept involved in the activities and progress of the Company, and of the Group of which it forms part. The Company is now in its fifth year of full staff appraisal systems which have undoubtedly benefited all involved. As a result of these appraisals, a training programme has been established which covers all aspects of the needs of employees.

#### Disabled Persons -

In its employee recruitment practices, full consideration is given to job applications received from disabled persons. Candidates are selected and appointed on the basis of their ability to perform the duties of the job. Where disabled persons have the aptitude and the abilities necessary for the job, sympathetic consideration is given to their applications where necessary and, where possible, special training arrangements will be made to facilitate their engagement.

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.

Encouragement is given in the training, care, development and promotion of all employees according to opportunities available, organisation requirements and individual aptitudes and abilities. This also includes disabled employees for whom any further necessary training is arranged, taking account of their particular needs.

### CHARITABLE CONTRIBUTIONS

During 1995 the Company made charitable contributions of £48,062 (1994 - £25,777).

### FIXED ASSETS

Details of changes to fixed assets are given in Note 7 to the accounts.

### AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board



**S Cross**  
Company Secretary

## 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 Company and of the profit or loss for that period. 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 Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and 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 Company and to prevent and detect fraud and other irregularities.

## REPORT OF THE AUDITORS, KPMG, TO THE MEMBERS OF UNITED HOUSE LIMITED

We have audited the accounts on pages 4 to 12.

### Respective responsibilities of directors and auditors

As described above the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

### Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31st December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**LONDON**

15th May 1996

**Chartered Accountants**

**Registered Auditors**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER 1995**

	NOTE	1995 £000	1994 £000
<b>TURNOVER</b>			
Cost of sales	2	30,436 (25,889)	37,562 (34,869)
<b>GROSS PROFIT</b>		4,547	2,693
Distribution costs		(792)	(997)
Administrative expenses		(3,048)	(3,244)
Operating profit/(loss)		707	(1,548)
Interest receivable		1	1
Income receivable from subsidiary undertakings		100	300
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	808	(1,247)
Tax on profit/(loss) on ordinary activities	6	(2)	217
Retained profit/(loss) for the financial year		806	(1,030)

The results stated above all relate to continuing operations.

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS  
FOR THE YEAR ENDED 31ST DECEMBER 1995**

	1995 £000	1994 £000
Retained profit/(loss) for the financial year	806	(1,030)
Shareholders funds brought forward	(473)	557
Shareholders funds carried forward	333	(473)

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 15 on page 11.

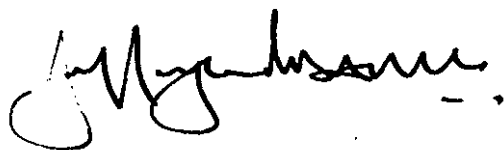
The notes on pages 7 to 12 form part of these accounts.

# **BALANCE SHEET AS AT 31ST DECEMBER 1995**

	NOTE	1995 £000	1994 £000
<b>FIXED ASSETS</b>			
Tangible assets	7	107	126
Investments	8	1,550	22
		<u>1,657</u>	<u>148</u>
<b>CURRENT ASSETS</b>			
Stocks	9	1,764	931
Debtors *	10	2,593	4,492
		<u>4,357</u>	<u>5,423</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	(5,233)	(5,500)
<b>NET CURRENT (LIABILITIES)</b>		<u>(876)</u>	<u>(77)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>781</u>	<u>71</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	12	(161)	(279)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	(287)	(265)
<b>NET ASSETS/(LIABILITIES)</b>		<u>333</u>	<u>(473)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	-	-
Profit and loss account	15	333	(473)
<b>EQUITY SHAREHOLDERS FUNDS</b>		<u>333</u>	<u>(473)</u>

\* Included within debtors are amounts receivable after more than one year of £334,000 (1994: £541,000).

These accounts were approved by the Board of Directors on 15th May 1996 and were signed on its behalf by:



**J W Adams**  
Director

The notes on pages 7 to 12 form part of these accounts.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER 1995**

	1995 £000	1994 £000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	466	635
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	1	1
Dividends received from subsidiary undertakings	300	-
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	301	1
<b>TAXATION</b>		
Corporation tax recovered on ordinary activities	194	123
<b>INVESTING ACTIVITIES</b>		
Payments to acquire tangible fixed assets	(40)	(31)
Payments to acquire fixed asset investments	(1,550)	-
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	(1,590)	(31)
<b>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>	(629)	728
<b>FINANCING</b>		
New finance leases taken on	(29)	-
Movement in amounts due to fellow subsidiary undertaking	(600)	728
	(629)	728
<b>ANALYSIS OF NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before interest receivable	707	(1,548)
Depreciation of tangible fixed assets	59	63
Movements in provisions	22	117
Written off investment in subsidiaries	22	-
	103	180
	810	(1,368)
Movement in stock	(833)	712
Movement in debtors	1,503	72
Movement in creditors	(1,014)	1,219
	466	635
<b>ANALYSIS OF FINANCE LEASES</b>		
Taken on during the year	29	-
At 31st December	29	-
<b>ANALYSIS OF AMOUNTS DUE TO FELLOW SUBSIDIARY UNDERTAKING</b>		
At 1st January	(274)	(1,002)
Movement during the year	(600)	728
At 31st December	(874)	(274)

## NOTES TO THE ACCOUNTS

### I. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items considered material in relation to the Company's accounts:

#### (a) Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention. The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to produce group accounts. These accounts present information about the Company as an individual undertaking not about its group. Information about the Company's subsidiary undertakings is included in the accounts of United House Group Limited.

#### (b) Depreciation

Depreciation has been provided on the straight line basis so as to write off the assets over their expected useful lives at the following rates:

Computer and word processing equipment	20% - 33%
Other plant and equipment	15% - 33%

#### (c) Stocks

Work in progress is valued at the lower of cost and net realisable value. Cost includes all production overheads and the attributable proportion of indirect overhead expenses.

#### (d) 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.

#### (e) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future. Deferred taxation is not provided where it is expected that no such liability will crystallise.

#### (f) Operating Leases

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

#### (g) Goodwill

Goodwill arising on the acquisition of shares in subsidiary undertakings is written off to reserves in the year in which the acquisition takes place. The goodwill written off in relation to acquisitions made prior to 23rd December 1989 has not been disclosed since the information is not readily available.

#### (h) Pensions

The Group operates a discretionary defined contribution scheme. This is a contracted out 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.



## NOTES TO THE ACCOUNTS

2. **TURNOVER**

Turnover represents the total amount receivable by the Company for goods sold, work done and services rendered during the year and is exclusive of VAT. The Company trades largely in the South East of England and turnover arises principally from house building, housing refurbishment and commercial refurbishment.

3. **PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>
The Profit/(Loss) before taxation is stated after charging the following:		
Depreciation of tangible fixed assets (owned)	59	63
Directors' remuneration as executives (see note 4)	282	324
Directors' termination payments as executives	5	-
Hire of plant and machinery	5	5
Other operating lease charges	97	105

The total auditors' remuneration and expenses for United House Limited are shown in the accounts of this Company's fellow subsidiary undertaking, Chart Holdings Limited.

**EXCEPTIONAL ITEM**

As explained in the 1994 Accounts, the Company decided at the end of 1994 to cease tendering for design and build work. Full provision was made in those accounts for the losses incurred on such contracts up to the date of their completion. In total this amounted to a loss of some £2.6 million.

4. **EMOLUMENTS OF DIRECTORS**

The emoluments of the highest paid Director, excluding pension contributions but including benefits in kind, were £59,954 (1994: £69,175). The emoluments of the Chairman were £nil (1994: £nil). The emoluments of the Directors, excluding pension contributions, were within the following ranges:

	<b>1995</b>	<b>1994</b>
£0 - £ 5,000	2	2
£10,001 - £15,000	1	-
£15,001 - £20,000	-	1
£20,001 - £25,000	1	-
£35,001 - £40,000	-	1
£40,001 - £45,000	3	1
£45,001 - £50,000	-	2
£50,001 - £55,000	-	1
£55,001 - £60,000	2	-
£65,001 - £70,000	-	1

During the year, PML Consultants (Building & Promotions) Limited ("PML"), a company of which Mr P Lawton was a director and shareholder, provided marketing and public relations consultancy services to United House Limited on an arms length basis. PML was paid £32,354 for those services (1994: £6,547). In addition PML was also paid £88,000 in respect of services provided by third parties which were arranged by PML as agents for United House Limited (1994: £55,000).

## NOTES TO THE ACCOUNTS

5. **STAFF NUMBERS AND COSTS**

The average number of persons employed by the Company (including Directors) during the year was 150 (1994: 163). The aggregate payroll costs of these persons were as follows:

	1995 £000	1994 £000
Wages and salaries	2,861	2,984
Social security costs	343	273
Other pension costs	79	68
	<u>3,283</u>	<u>3,325</u>

6. **TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

Corporation tax on the profit/(loss) for the year of the Company at 33% (1994: 33%)  
(Over) provision in respect of previous years

	1995 £000	1994 £000
	74	(214)
	<u>(72)</u>	<u>(3)</u>
	<u>2</u>	<u>(217)</u>

7. **TANGIBLE FIXED ASSETS**

	Motor Vehicles £000	Plant and Machinery £000	Fixtures, fittings, Tools and Equipment £000	Total £000
Cost at 1 Jan 1995	2	509	153	664
Additions	39	-	1	40
Cost at 31 Dec 1995	<u>41</u>	<u>509</u>	<u>154</u>	<u>704</u>
Depreciation at 1 Jan 1995	2	432	104	538
Charged in year	1	41	17	59
Depreciation at 31 Dec 1995	<u>3</u>	<u>473</u>	<u>121</u>	<u>597</u>
Net book value at 31 Dec 1994	-	77	49	126
Net book value at 31 Dec 1995	<u>38</u>	<u>36</u>	<u>33</u>	<u>107</u>

Included within Motor Vehicles are assets held under finance leases with a net book value of £36,000 (1994 nil) after accumulated depreciation of nil.

8. **INVESTMENTS** (Held as Fixed Assets)

	1995 £000	1994 £000
Cost of shares in group undertakings	-	65
Provisions for permanent diminution in value	-	(43)
	-	22
Investment in associated undertaking - shares	1	-
Investment in associated undertaking - loans	1,549	-
	<u>1,550</u>	<u>22</u>

The subsidiary undertakings set out below are all registered in England and Wales and are all owned 100%.

Appointclass Ltd  
Argos Building and Heating Supplies Ltd  
Harp Contracts Ltd

PRINCIPAL ACTIVITIES  
Property development  
Specialist builders merchants  
Dormant

## NOTES TO THE ACCOUNTS

8. **INVESTMENTS** (continued)

On 13th January 1995 the Company sold the whole of its shareholding in its subsidiary Alpha Therm Ltd, to the Company's new ultimate holding company, at net book value of £100. Also on 13th January 1995 the Company acquired for £100 the whole of the issued share capital of Argos Building & Heating Supplies Ltd which was formerly a subsidiary of Alpha Therm Ltd. During the year the Company wrote off its net investment of £22,000 in three dormant subsidiary undertakings (Harp (Western) Limited, HH (1964) Limited and Prime Equipment Limited).

The investment in an associated undertaking comprises a holding of 500 'A' Ordinary Shares in Calverside Limited, a joint venture property development company registered in England and Wales. The investment was made during 1995. The issued share capital of Calverside Limited consists of 500 'A' Ordinary Shares and 500 'B' Ordinary Shares. In the period to 31st December 1995 the Company's share of the profit of Calverside Limited was £nil and the Company's share of Calverside's retained profits was £nil.

9. **STOCKS**

	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>
Work in progress	1,764	931

10. **DEBTORS**

	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	2,252	3,765
Amounts recoverable on contracts	129	176
Taxation recoverable	8	204
Other debtors	57	24
Prepayments and accrued income	47	23
Dividends receivable from subsidiary undertakings	100	300
	<u>2,593</u>	<u>4,492</u>
The following amounts included above are receivable in more than one year:-		
Retentions included within Trade debtors	334	541

11. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>
Payments on account	105	399
Trade creditors	277	269
Amounts owed to fellow subsidiary undertaking	874	274
Other taxes and social security	1,087	694
Other creditors	1,154	965
Finance leases	9	-
Accruals and deferred income	1,727	2,899
	<u>5,233</u>	<u>5,500</u>

Other creditors include £10,000 (1994: £25,000) due to the Group pension scheme.

## NOTES TO THE ACCOUNTS

## 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995 £000	1994 £000
Other creditors	141	279
Finance leases	20	-
	<u>161</u>	<u>279</u>

## 13. PROVISIONS FOR LIABILITIES AND CHARGES

	Repairs Provision £000
Balance at 1 January 1995	265
Charged to profit and loss account	22
Balance at 31 December 1995	<u>287</u>
There is no potential liability to deferred taxation.	

## 14. SHARE CAPITAL

	1995 £	1994 £
Authorised, allotted, called up and fully paid: 100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

## 15. PROFIT AND LOSS ACCOUNT

	£000
Balance at 1 January 1995	(473)
Retained profit for the financial year	806
Balance at 31 December 1995	<u>333</u>

## 16. 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:

	1995 £000	1994 £000
Within one year	9	13
Two to five years	6	3
	<u>15</u>	<u>16</u>

## 17. FLOATING CHARGE

The Company and its subsidiary undertakings have charged their 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 31st December 1995 the aggregate amount secured by these charges was £4,419,000 (1994: £468,000).

## 18. ULTIMATE PARENT UNDERTAKING

At 31st December 1995 the Company was a direct subsidiary undertaking of United House Group Limited, registered in England and Wales, which was also the Company's ultimate parent undertaking.

## NOTES TO THE ACCOUNTS

19. **CONTINGENT LIABILITIES**

In the construction industry disputes sometimes arise in the normal course of business and can lead to litigation or arbitration proceedings. The Directors have considered and reviewed all of the Company's contracts and have made full and proper provision in the accounts where they consider that liabilities may exist.

The Company has also guaranteed performance bonds in respect of contracts in the normal course of business.

20. **CAPITAL COMMITMENTS**

There were no capital commitments at 31st December 1995 (1994 £nil).