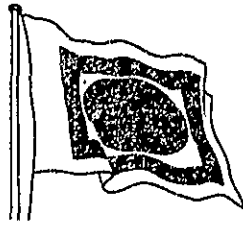


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UNITED HOUSE LIMITED

DIRECTORS' REPORT AND ACCOUNTS
YEAR ENDED 31ST DECEMBER 1993



DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31ST DECEMBER 1993

The Directors present their annual report and the audited accounts for the year ended 31st December 1993. This report should be read in conjunction with the statements set out in pages 4 to 11 of these accounts.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is building which encompasses new building work, both residential and commercial, and building refurbishment. The Company trades through three main divisions, United House Construction, United House Mechanical Services and United House Design and Build, operating from its headquarters in Swanley, Kent and from its Western Division offices in High Wycombe, Buckinghamshire.

During 1993 the Company established a new Division, known as Hy-Clean, to pioneer in the UK a revolutionary refuse disposal system which has been developed over the last 20 years in Sweden and other Scandinavian countries. The Company has already secured its first orders and is confident that the major investment in Hy-Clean will start to show a return as these new systems are installed during 1994. The Company also acquired the name and goodwill of Nugent plc complete with leading members of its management team. The position Nugent occupied as a contractor in the commercial/industrial sector ideally complements the existing United House market. The Nugent Division, as it will be known, will operate from the Swanley headquarters site.

United House is a major contracting company which has historically worked predominantly in public sector areas such as housing, education and leisure. The Company is now receiving more and more of its enquiries from the private sector and, with the acquisition of the Nugent name, is confident that its penetration will increase markedly during 1994. A significant amount of work is being carried out in all areas on a design and build basis, for which purpose we have further strengthened our Technical Department with both additional human resources and Computer Aided Design Systems.

The Company has in the past year been in a position to purchase land and to fund a number of major turnkey new build and refurbishment projects, primarily in the social housing sector. The Company identifies such schemes as a major growth area providing an ideal opportunity to work more in partnership with housing associations and providers of social housing in the future. Also in the last year, the Company has bought land on which to build commercial offices; contracts have been negotiated with a tenant to lease the offices and with an institutional funder to purchase the block on completion.

All divisions of the Group are serviced by its own specialist builders merchant company, Argos Building & Heating Supplies Limited, which operates from its own 100,000 square foot warehouse facility on the Swanley site.

United House did not buy work during the recession, choosing instead to allow its turnover to fall rather than take contracts at a loss. In 1993 the volume of profitable work increased and we have returned to profit. The improvements in both profitability and turnover have continued into 1994, United House is now generating the excellent levels of profit achieved before the recession. We are pleased to be able to report that turnover for 1993 was £44,506,000 with a profit of £624,000.

United House used the opportunity of the recession to invest its profits into strengthening the business. During the year further senior appointments have been made. The Company is now entering its third year of Quality Assurance accreditation to BS 5750 which covers all aspects of its work. This significant investment has been seen by our clients as a major commitment to them.

The Directors do not recommend the payment of a dividend. Transfers to and from reserves are noted on page 4.

DIRECTORS AND DIRECTORS' INTERESTS

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

J W Adams	
R A Allen	
K B Duggan	
J D Hindle	
R A Perkins	(appointed 12th January 1993)
L G Vesey	
S Westaway	(appointed 19th April 1993)

On 7th March 1994 Mr M Castle was appointed a Director.

No Director had an interest in the shares of the Company. Mr Adams and Mr Duggan are also Directors of United House Group Limited, this Company's parent undertaking. Their interests are disclosed in the accounts of that company as appropriate.

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 third 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. The average length of service for members of staff over the Company's 30 year history has been eight and a half years.

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 1993 the Group made charitable contributions of £22,979 (1992 - £23,667)

FIXED ASSETS

Details of changes to fixed assets are given in note 8 to the accounts.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG Peat Marwick 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 the Group 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 Group will continue in business.

The Directors are responsible for maintaining 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 open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS, KPMG PEAT MARWICK, TO THE MEMBERS OF UNITED HOUSE LIMITED

We have audited the accounts on pages 4 to 11.

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 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 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 and of the Group at 31st December 1993 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

LONDON
28th April 1994

Chartered Accountants
Registered Auditors

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1993**

	Note	1993 £000	1992 £000
TURNOVER	2	44,506	33,419
Cost of sales		(38,401)	(28,160)
GROSS PROFIT		6,105	5,259
Distribution costs		(1,314)	(1,501)
Administrative expenses		(4,228)	(4,658)
Other operating income		26	109
Interest receivable		35	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	624	(791)
Tax on profit/(loss) on ordinary activities	6	(318)	276
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	7	306	(515)
Retained profit brought forward		367	882
Retained profit carried forward		673	367

**RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1993**

	1993 £000	1992 £000
Retained profit/(loss) for the financial year	306	(515)
Shareholders funds brought forward	367	882
Shareholders funds carried forward	673	367

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.

The notes on pages 7 to 11 form part of these accounts.

CONSOLIDATED BALANCE SHEET **AT 31ST DECEMBER 1993**

	Note	1993 £000	1992 £000
FIXED ASSETS			
Tangible assets	8	158	125
CURRENT ASSETS			
Stocks	10	2,944	3,377
Debtors (including retentions receivable after more than one year of £441,000; 1992: £21,000)	11	6,009	4,924
		<u>8,953</u>	<u>8,301</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12A	(8,021)	(7,881)
NET CURRENT ASSETS		<u>932</u>	<u>420</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,090</u>	<u>545</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12B	(204)	-
PROVISIONS FOR LIABILITIES AND CHARGES	13	(213)	(178)
NET ASSETS		<u>673</u>	<u>367</u>
CAPITAL AND RESERVES			
Called up share capital	14	673	367
Profit and loss account		<u>673</u>	<u>367</u>

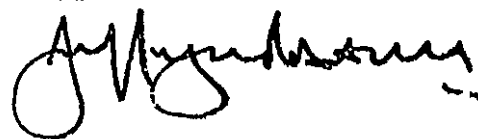
COMPANY BALANCE SHEET **AT 31ST DECEMBER 1993**

	Note	1993 £000	1992 £000
FIXED ASSETS			
Tangible assets	8	158	125
Investments	9	22	22
		<u>180</u>	<u>147</u>
CURRENT ASSETS			
Stocks	10	1,643	1,764
Debtors (including retentions receivable after more than one year of £441,000; 1992: £21,000)	11	4,170	2,946
		<u>5,813</u>	<u>4,710</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12A	(5,084)	(4,451)
NET CURRENT ASSETS		<u>729</u>	<u>259</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>909</u>	<u>406</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12B	(204)	-
PROVISIONS FOR LIABILITIES AND CHARGES	13	(148)	(122)
NET ASSETS		<u>557</u>	<u>284</u>
CAPITAL AND RESERVES			
Called up share capital	14	557	284
Profit and loss account		<u>557</u>	<u>284</u>

These accounts were approved by the Board of Directors on 28th April 1994.

J W Adams
Director

The notes on pages 7 to 11 form part of these accounts.



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 1993**

	£000	1993 £000	£000	1992 £000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		1,913		(739)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		35		
TAXATION				
Corporation tax (paid)/recovered on ordinary activities		(1)		39
INVESTING ACTIVITIES				
Payments to acquire tangible fixed assets	(99)		(21)	
Receipts from sale of tangible fixed assets	1			
		(98)		(21)
NET CASH FLOW BEFORE FINANCING		1,849		(721)
FINANCING				
Movement in amounts due to ultimate parent undertaking		1,849		(721)
ANALYSIS OF NET CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(loss) before interest receivable		589		(791)
Depreciation of tangible fixed assets	65		52	
Movements in provisions	35		(4)	
		100		48
		689		(743)
Movement in stock		433		357
Movement in debtors		(1,262)		(6)
Movement in creditors		2,053		(347)
		1,913		(739)
ANALYSIS OF AMOUNTS DUE TO ULTIMATE PARENT UNDERTAKING				
At 1st January		(2,931)		(2,210)
Movement during the year		1,849		(721)
At 31st December		(1,082)		(2,931)

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items 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 subsidiaries to 31st December of each year. 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 accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention.

(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 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.

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. The distribution activities carried on by Alpha Therm Limited include the supply of heating materials on a national basis to third parties from the Swanley site.

NOTES TO THE ACCOUNTS

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

The Profit/(Loss) before taxation is stated after charging the following:

Depreciation of tangible fixed assets

Directors' remuneration as executives (see note 4)

Hire of plant and machinery

Other operating lease charges

1993
£000

65

242

6

270

1992
£000

52

147

3

320

The total auditor's remuneration and expenses for United House Limited and its subsidiaries are shown in the accounts of United House Group Limited, this Company's parent undertaking.

4. EMOLUMENTS OF DIRECTORS

The emoluments of the highest paid Director, excluding pension contributions but including benefits in kind, were £55,720 (1992 : £51,733).

The emoluments of the Directors were within the following ranges:

£0 - £5,000
£5,001 - £40,000
£40,001 - £45,000
£45,001 - £50,000
£50,001 - £55,000
£55,001 - £60,000

1993

2

1

1

2

-

1

1992

3

-

1

1

1

-

5. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company (including Directors) during the year was 197 (1992 : 177). The aggregate payroll costs of these persons were as follows:

Wages and salaries
Social security costs
Other pension costs

1993
£000

3,326

277

68

3,671

1992
£000

2,688

179

51

2,918

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

Corporation tax on the profit/(loss) for the year of the Group at 33% (1992 : 33%)

Under provision in respect of previous years

1993
£000

312

6

318

1992
£000

(299)

23

(276)

NOTES TO THE ACCOUNTS

7. RETAINED PROFIT/(LOSS)

Retained by: United House Limited
Subsidiary undertakings

1993	1992
£000	£000
273	(527)
33	12
306	(515)

8. TANGIBLE FIXED ASSETS

	Vehicles	Plant and machinery	Fixtures, fittings, tools and equipment	Total
GROUP	£000	£000	£000	£000
Cost at 1st January 1993	2	438	119	559
Additions	-	66	33	99
Disposals	-	(22)	-	(22)
Cost at 31st December 1993	2	482	152	636
Depreciation at 1st January 1993	1	365	68	434
Charged in year	1	45	19	65
Disposals	-	(21)	-	(21)
Depreciation at 31st December 1993	2	389	87	478
Net book value at 31st December 1992	1	73	51	125
Net book value at 31st December 1993	-	93	65	158
COMPANY				
Cost at 1st January 1993	2	438	119	559
Additions	-	63	33	96
Disposals	-	(22)	-	(22)
Cost at 31st December 1993	2	479	152	633
Depreciation at 1st January 1993	1	365	68	434
Charged in year	1	42	19	62
Disposals	-	(21)	-	(21)
Depreciation at 31st December 1993	2	386	87	475
Net book value at 31st December 1992	1	73	51	125
Net book value at 31st December 1993	-	93	65	158

NOTES TO THE ACCOUNTS

9. INVESTMENTS (Held as Fixed Assets)

Investments represent shares in group undertakings carried at cost (£65,000) less provisions for permanent diminution in value (£43,000). The subsidiary undertakings set out below are all included in the consolidation and are all registered in England and Wales.

	Holding % Ord. Shares	Principal Activities
Alpha Therm Ltd	* 100	Specialist builders merchants
Argos Building & Heating Supplies Ltd	100	Specialist builders merchants
Harp Contracts Ltd	* 100	Dormant
Harp (Western) Ltd	* 100	Dormant
HH (1964) Ltd	* 100	Dormant
Prime Equipment Ltd	* 100	Dormant
* owned directly		

The entire issued share capital of a newly formed company, Millaise Limited, was acquired during the year for £100. Millaise Limited subsequently changed its name to Argos Building & Heating Supplies Limited.

10. STOCKS

	GROUP		COMPANY	
	1993 £000	1992 £000	1993 £000	1992 £000
Work in progress	1,643	1,764	1,643	1,764
Finished goods and goods for resale	1,301	1,613	-	-
	<u>2,944</u>	<u>3,377</u>	<u>1,643</u>	<u>1,764</u>

11. DEBTORS

	GROUP		COMPANY	
	1993 £000	1992 £000	1993 £000	1992 £000
Trade debtors	5,245	4,164	3,418	2,376
Amounts recoverable on contracts	565	291	565	291
Taxation recoverable	114	291	110	267
Other debtors	85	178	77	12
	<u>6,009</u>	<u>4,924</u>	<u>4,170</u>	<u>2,946</u>

12A. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	1993 £000	1992 £000	1993 £000	1992 £000
Payments on account	397	515	397	515
Trade creditors	2,498	1,952	148	125
Amounts owed to ultimate parent undertaking	1,082	2,931	1,002	1,511
Corporation tax	140	-	-	-
Other taxes and social security	809	446	797	433
Other creditors	648	557	648	557
Accruals and deferred income	2,447	1,480	2,092	1,310
	<u>8,021</u>	<u>7,881</u>	<u>5,084</u>	<u>4,451</u>

Other creditors include £20,000 (1992: £13,000) due to the Group pension scheme.

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

	GROUP		COMPANY	
	1993 £000	1992 £000	1993 £000	1992 £000
Other creditors	204	-	204	-

NOTES TO THE ACCOUNTS

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Guarantee Costs £000	Repairs Provision £000	Total £000
Group			
Balance at 1st January 1993	56	122	178
Charged to profit and loss account	9	26	35
Balance at 31st December 1993	65	148	213
Company			
Balance at 1st January 1993		122	122
Charged to profit and loss account		26	26
Balance at 31st December 1993		148	148

There is no potential liability to deferred taxation.

14. SHARE CAPITAL

	1993 £	1992 £
Authorised, allotted, called up and fully paid: 100 Ordinary Shares of £1 each	100	100

15. 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		COMPANY	
	1993 £000	1992 £000	1993 £000	1992 £000
Within one year	66	60	47	35
Two to five years	44	82	17	9
	110	142	64	44

16. 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 31st December 1993 the aggregate amount secured by these charges was NIL (1992: £870,000).

17. 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.

Further information

Further information about the company
can be obtained from:

The Marketing Department
United House Ltd
United House
Goldsel Road
Swanley, Kent
BR8 8EX
Tel 0322 665522
Fax 0322 662313

Registered Number: 817560