



UNITED HOUSE LIMITED
Registered No. - 817560

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DIRECTORS' REPORT AND ACCOUNTS - YEAR ENDING 31ST DECEMBER 1990

The Directors present their annual report and the audited accounts for the year ended 31st December 1990. This report should be read in conjunction with the statements set out in pages 3 to 9 of these accounts.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is new building work and building refurbishment. The Company operates through three divisions, United House Construction, United House Building Services and United House Design and Build. Operating from its headquarters in Swanley, Kent and from its Western Division offices in High Wycombe, Buckinghamshire, the Company's operations encompass the whole of London and the South East of England.

United House is a major contracting company which historically has worked predominantly in the Public Sector. Over the last year however the Company's move into the commercial and industrial sectors has accelerated. The Company now offers work including construction, refurbishment and building services as well as, through the Design and Build division, a complete and comprehensive management package for the client.

During the year the Company has continued to review the property development market with a view to identifying profitable projects. However because of the present harsh economic circumstances, the company is not currently involved in any projects.

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.

Turnover for the year was £48,346,000 (1989 : £48,308,000) and trading profit amounted to £774,000 (1989 : £368,000).

DIVIDEND

An interim dividend of £164,218 was paid on 31st December 1990 (1989 : £100,000). The Directors do not recommend the payment of a final dividend (1989 : NIL).

FIXED ASSETS

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

DIRECTORS AND DIRECTORS' INTERESTS

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

J W Adams
I D Scott
B J Bradding - resigned 6th March 1991
R A Allen
J D Hindle - appointed 15th January 1990

Mr Adams and Mr Scott are also Directors of the United House Group Limited, this Company's holding company and their interests are not required to be recorded in this company's Register of Directors Interests. Mr Bradding, Mr Allen and Mr Hindle had no interest in the share capital of the Company.

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 through periodic meetings involving both Directors and 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 aptitude and abilities. This also includes disabled employees for whom any further necessary training is arranged, taking account of their particular needs.

AUDITORS

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

By order of the Board



S CROSS
Secretary

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

We have audited the accounts on pages 3 to 9 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 31st December 1990 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.



MAIDSTONE
19th June 1991

Chartered Accountants

UNITED HOUSE LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1990

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	<u>Note</u>	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>
TURNOVER	2	48,346	48,308
Cost of sales		(38,791)	(39,067)
GROSS PROFIT		9,555	9,241
Distribution costs		(1,729)	(2,014)
Administrative expenses		(7,117)	(7,003)
Other operating income		53	144
Interest receivable		12	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	774	368
Tax on profit on ordinary activities	6	(247)	(143)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		527	225
Dividend		(164)	(100)
RETAINED PROFIT FOR THE FINANCIAL YEAR	16	363	125

The notes on pages 6 to 9 form part of these accounts.

UNITED HOUSE LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 1990

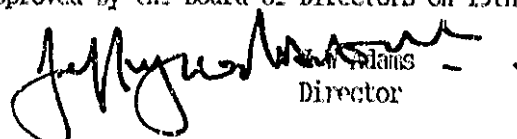
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	Note	1990 £000	1989 £000
FIXED ASSETS			
Tangible assets	7	224	191
CURRENT ASSETS			
Stocks	8	2,347	2,504
Debtors	9	6,803	9,905
		9,150	12,409
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(8,353)	(11,915)
NET CURRENT ASSETS		797	494
TOTAL ASSETS LESS CURRENT LIABILITIES		1,021	685
PROVISIONS FOR LIABILITIES AND CHARGES	11	(243)	(270)
NET ASSETS		778	415
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Profit and loss account	16	778	415
		778	415

COMPANY BALANCE SHEET AS AT 31ST DECEMBER 1990

	Note	1990 £000	1989 £000
FIXED ASSETS			
Tangible assets	7	224	191
Investments	15	65	65
		289	256
CURRENT ASSETS			
Stocks	8	422	351
Debtors	9	4,965	6,439
		5,387	6,790
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(4,690)	(6,415)
NET CURRENT ASSETS		697	375
TOTAL ASSETS LESS CURRENT LIABILITIES		986	631
PROVISIONS FOR LIABILITIES AND CHARGES	11	(199)	(179)
NET ASSETS		787	452
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Profit and loss account	16	787	452
		787	452

These accounts were approved by the Board of Directors on 19th June 1991.


J. Williams
Director

The notes on pages 6 to 9 form part of these accounts.

UNITED HOUSE LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1990

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	1990	1989
	£000	£000
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	774	368
Adjustments for items not involving the movement of funds:		
Depreciation	13	39
Profit on sale of tangible fixed assets	(4)	(6)
Movements in provisions	(27)	(74)
	<u>42</u>	<u>(41)</u>
FUNDS GENERATED FROM OPERATIONS	816	327
FUNDS FROM OTHER SOURCES		
Proceeds from sale of tangible fixed assets	4	7
TOTAL FUNDS GENERATED	820	334
APPLICATION OF FUNDS		
Purchase of fixed assets	106	119
Tax paid	374	284
Dividend paid	164	100
	<u>(644)</u>	<u>(503)</u>
INCREASE/(DECREASE) IN WORKING CAPITAL	<u>176</u>	<u>(169)</u>
COMPONENTS OF INCREASE/(DECREASE) IN WORKING CAPITAL		
(Decrease) in Stocks	(157)	(802)
(Decrease)/Increase in Debtors	(3,084)	2,756
Decrease/(Increase) in Creditors falling due within one year	3,417	(2,123)
	<u>176</u>	<u>(169)</u>

The notes on pages 6 to 9 form part of these 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 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(3) 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 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.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts receivable 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 companies is written off to reserves in the year in which the acquisition takes place.

(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 against profits 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 Argos Building and Heating Supplies are predominantly for other group companies but some materials are supplied on a national basis to third parties from the Swanley site.

UNITED HOUSE LIMITED
NOTES TO THE ACCOUNTS

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3. <u>PROFIT BEFORE TAXATION</u>	<u>1990</u>	<u>1989</u>
Profit before taxation is stated after charging the following:	£000	£000
Depreciation of tangible fixed assets	73	39
Directors' remuneration as executives (see note 4)	234	96
Hire of plant and machinery	1	
Other operating lease charges	<u>469</u>	<u>413</u>

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 holding company.

4. EMOLUMENTS OF DIRECTORS

Excluding pension contributions, the emoluments of the highest paid Director were £114,655 (1989 : £59,849). The emoluments of the other Directors were within the following ranges:

£	<u>1990</u>	<u>1989</u>
0 - 5000	2	2
30001 - 35000	-	1
45001 - 50000	2	-

5. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company (including Directors) during the year was 279 (1989 : 297).

The aggregate payroll costs of these persons were as follows:

	<u>1990</u>	<u>1989</u>
	£000	£000
Wages and salaries	4,117	3,653
Social security costs	282	262
Other pension costs	<u>65</u>	<u>64</u>
	<u>4,464</u>	<u>3,979</u>

6. TAXATION

Corporation tax on the profit for the year of the company at 34.25% (1989 : 35%)

Under provision in respect of previous years

Deferred taxation on short term timing differences

<u>1990</u>	<u>1989</u>
£000	£000
323	115
12	28
<u>(88)</u>	<u>-</u>
<u>247</u>	<u>143</u>

7. TANGIBLE FIXED ASSETS

Group and Company

	<u>Vehicles</u>	<u>Plant and machinery</u>	<u>Fixtures, fittings, tools and equipment</u>	<u>Total</u>
	£000	£000	£000	£000
Cost at 1.1.90	4	929	61	994
Additions	-	46	60	106
Disposals	<u>(3)</u>	<u>(4)</u>	<u>-</u>	<u>(7)</u>
Cost at 31.12.90.	<u>1</u>	<u>971</u>	<u>121</u>	<u>1,093</u>
Depreciation at 1.1.90	4	769	30	803
Charged in year	-	56	17	73
Disposals	<u>(3)</u>	<u>(4)</u>	<u>-</u>	<u>(7)</u>
Depreciation at 31.12.90	<u>1</u>	<u>821</u>	<u>47</u>	<u>869</u>
Net book value at 31.12.90	<u>-</u>	<u>150</u>	<u>74</u>	<u>224</u>
Net book value at 31.12.89	<u>-</u>	<u>160</u>	<u>31</u>	<u>191</u>

UNITED HOUSE LIMITED
NOTES TO THE ACCOUNTS

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8. STOCKS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Work in progress	432	477	422	351
Finished goods and goods for resale	<u>1,915</u>	<u>2,027</u>	<u>-</u>	<u>-</u>
	<u>2,347</u>	<u>2,504</u>	<u>422</u>	<u>351</u>

9. DEBTORS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Trade debtors	5,899	8,269	4,279	5,358
Amounts recoverable on contracts	533	1,066	533	1,066
Amounts owed by group companies	211	442	-	-
Taxation recoverable	-	106	-	-
Deferred taxation (recoverable in more than one year)	88	-	88	-
Other debtors	<u>72</u>	<u>22</u>	<u>65</u>	<u>15</u>
	<u>6,803</u>	<u>9,905</u>	<u>4,965</u>	<u>6,439</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Trade creditors	1,473	2,505	156	97
Amounts owed to group companies	2,053	4,939	431	2,354
Payments on account	1,733	1,850	1,733	1,850
Corporation tax	301	446	265	247
Other taxes and social security	425	765	396	725
Other creditors	545	345	527	341
Accruals and deferred income	<u>1,823</u>	<u>1,065</u>	<u>1,182</u>	<u>801</u>
	<u>8,353</u>	<u>11,915</u>	<u>4,690</u>	<u>6,415</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

<u>Group</u>	<u>Guarantee</u>	<u>Repairs</u>	<u>Cancel-</u>	
	<u>Costs</u>	<u>Provision</u>	<u>lations</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Balance at 1.1.90	15	179	76	270
Charged/(released) to profit and loss account	<u>(9)</u>	<u>20</u>	<u>(38)</u>	<u>(27)</u>
Balance at 31.12.90	<u>6</u>	<u>199</u>	<u>38</u>	<u>243</u>
<u>Company</u>				
Balance at 1.1.90		179		179
Charged to profit and loss account		<u>20</u>		<u>20</u>
Balance at 31.12.90		<u>199</u>		<u>199</u>

There is no potential liability to deferred taxation.

12. SHARE CAPITAL

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Authorised, allotted, called up and fully paid:		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

13. LEASING COMMITMENTS

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

	<u>1990</u>	<u>1989</u>
	£000	£000
Within one year	41	42
Two to five years	<u>293</u>	<u>314</u>
	<u>334</u>	<u>356</u>

14. FLOATING CHARGE

The company has charged its assets by way of a floating charge to secure certain liabilities of the holding company. As at the 31st December 1990 the aggregate amount secured by the charge was £1,578,000 (1989 : £3,485,000).

15. INVESTMENTS (Held as Fixed Assets)

Investments represent shares in group companies carried at cost.

The subsidiary companies, all registered in England, are set out below:

	<u>Holding %</u> <u>Ord Shares</u>	<u>Principal Activities</u>
Argos Building & Heating Supplies Limited	100	Specialist builders merchants
Harp Asbestos Removal Limited	100	Removal of asbestos
Harp Contracts Limited	100	Dormant
Harp Heating Limited	100	Central heating installation
Harp (Western) Limited	100	Dormant
United Heating Services Limited	100	Central heating servicing

16. RETAINED PROFIT

	<u>1990</u>	<u>1989</u>
	£000	£000
Retained by: United House Limited	335	202
Subsidiary companies	<u>28</u>	<u>12</u>
	<u>363</u>	<u>214</u>
	<u>Group</u>	<u>Company</u>
	£000	£000
* Profit and loss account reserves at 1st January 1990	415	452
Retained profit for the financial year	<u>363</u>	<u>335</u>
At 31st December 1990	<u>778</u>	<u>787</u>

17. ULTIMATE HOLDING COMPANY

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