

UNITED HOUSE SOLUTIONS LIMITED

Registered No. 3680752

Directors' Report and Accounts

31 December 2003

The Directors present their annual report and the audited accounts for the year ended 31 December 2003. This report should be read in conjunction with the statements on pages 4 to 7 of these accounts.

Principal Activities and Business Review

The Company's principal activity is the organisation of innovative solutions for the development and regeneration of social housing. Turnover for the year was £785,000 (2002: £nil) and the profit before tax was £21,000 (2002: £nil). The Directors do not recommend the payment of a dividend (2002: £nil). Movements to and from reserves are shown in Note 11.

Directors and Directors' Interests

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

Mr J W Adams
Mr S Cross (appointed 17 February 2003)
Mr K B Duggan
Mr A S Mickleburgh

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.

Auditors

In accordance with Section 385 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

12 August 2004

United House
Goldsel Road
Swanley
Kent BR8 8EX



UNITED HOUSE SOLUTIONS LIMITED

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 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.

UNITED HOUSE SOLUTIONS LIMITED

Report of the independent auditors to the members of United House Solutions Limited

We have audited the financial statements on pages 4 to 7.

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 2, 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 Company's affairs as at 31 December 2003 and of its profit 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**

12 August 2004

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

UNITED HOUSE SOLUTIONS LIMITED

Profit and Loss Account For the year ended 31 December 2003

	<i>Note</i>	2003 £000	2002 £000
Turnover	2	785	-
Cost of sales		<u>(750)</u>	<u>-</u>
Gross profit		35	-
Administration expenses		<u>(14)</u>	<u>-</u>
Operating profit		21	-
Other interest receivable and similar income		80	-
Interest payable and similar charges	3	<u>(80)</u>	<u>-</u>
Profit on ordinary activities before taxation	4	21	-
Taxation on profit on ordinary activities	6	<u>(4)</u>	<u>-</u>
Retained profit for the financial year		<u>17</u>	<u>-</u>

The results stated above all relate to continuing operations.

Reconciliation of Movements in Shareholders' Funds For the year ended 31 December 2003

	2003 £000	2002 £000
Retained profit for the financial year	17	-
Shareholders' funds brought forward	<u>-</u>	<u>-</u>
Shareholders' funds carried forward	<u>17</u>	<u>-</u>

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 11.

Balance Sheet At 31 December 2003

	<i>Note</i>	2003 £000	2002 £000
Fixed Assets - Investments	7	845	-
Current assets			
Debtors – due after more than one year	8	80	-
Cash at bank and in hand		<u>-</u>	<u>-</u>
		80	-
Creditors: Amounts falling due within one year	9	<u>(908)</u>	<u>-</u>
Net current liabilities		<u>(828)</u>	<u>-</u>
Total assets less current liabilities		<u>17</u>	<u>-</u>
Capital and Reserves			
Called up share capital	10	-	-
Profit and loss account	11	<u>17</u>	<u>-</u>
Equity Shareholders' funds		<u>17</u>	<u>-</u>

These accounts were approved by the Board of Directors on 12 August 2004.


J W Adams, Director

The notes on pages 5 to 7 form part of these accounts.

UNITED HOUSE SOLUTIONS LIMITED

Year ended 31 December 2003

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 accounts.

(a) Basis of accounting

The accounts have been prepared, on the going concern basis, in accordance with applicable accounting standards and under the historical cost convention. The controlling party (see note 11) have undertaken to provide such funds as are required for the Company to meet its obligations, as and when they fall due, for the foreseeable future.

(b) Cash flow statement

Under FRS 1, the Company is exempt from the requirement to prepare a cash flow statement under the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

(c) Deferred taxation

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.

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 in the South East of England and turnover arises principally from arrangement and other fees in connection with the organisation of innovative solutions for the development and regeneration of social housing.

3. Interest payable and similar charges

	2003	2002
	£000	£000
Amounts payable to parent undertaking	<u>80</u>	<u>-</u>

4. Profit on ordinary activities before taxation

The total auditors' remuneration and expenses for United House Solutions Limited are shown in the accounts of its immediate parent Company, United House Limited.

5. Emoluments of the Directors

No Director received any emolument from the Company during the year (2002: £nil). The Company has no employees other than the Directors (2002: nil).

UNITED HOUSE SOLUTIONS LIMITED

Year ended 31 December 2003

Notes to the Accounts

6. Taxation on profit on ordinary activities

	2003 £000	2002 £000
<i>UK Corporation Tax</i>		
Corporation tax for the year	4	-
Adjustments for prior periods	-	-
Total current tax	4	-
Deferred tax	-	-
Tax on profit on ordinary activities	<u>4</u>	<u>-</u>

The current tax charge for the period is equal to the standard rate of corporation tax in the UK of 20%.

Profit on ordinary activities before taxation	<u>21</u>	<u>-</u>
Current tax at 20%	<u>4</u>	<u>-</u>

7. Fixed asset investments

	2003 £000	2002 £000
Cost of shares in joint venture - 450 ordinary shares at £1 each (2002: £nil)	-	-
Loans to joint venture	<u>845</u>	<u>-</u>
	<u>845</u>	<u>-</u>

On 17 February 2003, United House Solutions Limited acquired 450 ordinary shares in PFI Islington (Holdings) Limited, a Holding Company registered in England and Wales, this represents 45% of the ordinary share capital of that company. Shares in joint ventures are carried at cost less dividends paid out of pre-acquisition reserves. In addition, PFI Islington (Holdings) Limited owns 100% of the issued share capital of Partners For Improvement in Islington Limited, a Housing Management company registered in England and Wales.

On 12 May 2003, the Company made a loan of £845,000 to PFI Islington (Holdings) Limited. Interest is payable on the loan at 14.5% and at 31 December 2003 interest of £79,944 was accrued. Until the loan discharge date, interest is due for payment only to the extent that funds are available. The loan discharge date is 31 March 2032.

8. Debtors: Amounts falling due after more than one year

	2003 £000	2002 £000
Prepayments and accrued income	<u>80</u>	<u>-</u>

9. Creditors: Amounts falling due within one year

	2003 £000	2002 £000
Amount due to parent undertaking	890	-
Corporation tax	4	-
Accruals and deferred income	<u>14</u>	<u>-</u>
	<u>908</u>	<u>-</u>

UNITED HOUSE SOLUTIONS LIMITED

Year ended 31 December 2003

Notes to the Accounts

10. Share capital

	2003	2002
	£	£
Authorised: 100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid: 2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

11. Profit and loss account

	£000
Balance at 1 January 2003	-
Retained profit for the financial year	<u>17</u>
Balance at 31 December 2003	<u>17</u>

12. Ultimate parent undertaking

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

13. 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 1.

The Company has a 45% shareholding in PFI Islington (Holdings) Limited, which owns 100% of the shares in Partners For Improvement in Islington Limited, as detailed in note 7 of these accounts.