

ALPHA THERM LIMITED

Page 1

(formerly Argos Building And Heating Supplies Limited)

Registered No. - 882439

DIRECTORS' REPORT - YEAR ENDING 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 on pages 3 to 7 of these accounts.

CHANGE OF NAME

On 1st October 1993 the Company changed its name from Argos Building and Heating Supplies Limited to Alpha Therm Limited.

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be that of a specialist builders merchant.

BUSINESS REVIEW

Turnover for the period was £21,618,000 (1992 : £18,496,000) and the trading profit was £444,000 (1992: loss £124,000). Movements to and from reserves are shown on page 3.

DIVIDEND

The Directors recommend the payment of a final dividend of £250,000 (1992: nil).

DIRECTORS AND DIRECTORS' INTERESTS

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

A D Sivill
W North
G J Nicholls
L G Vesey (resigned 1st october 1993)

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

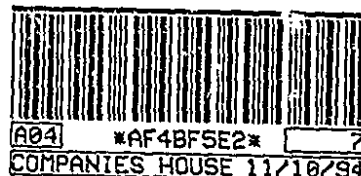
AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG 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



(formerly Argos Building And Heating Supplies 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 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 Company 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 ALPHA THERM LIMITED

We have audited the accounts on pages 3 to 7.

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 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 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

ALPHA THERM LIMITED
(formerly Argos Building And Heating Supplies Limited)
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 1993

Page 3

	Note	1993 £000	1992 £000
TURNOVER			
Cost of sales	2	21,818 (19,021)	18,496 (15,878)
GROSS PROFIT			
Distribution costs		2,597	2,618
Administrative expenses		(817)	(1,083)
Other operating income		(1,358)	(1,660)
Interest receivable		22	-
		-	1
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			
Tax on profit/(loss) on ordinary activities	3 6	444 (161)	(124) 19
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION			
Dividend		283 (250)	(105) -
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR			
Retained profit brought forward		33 126	(105) 231
RETAINED PROFIT CARRIED FORWARD		159	126

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

	1993 £000	1992 £000
Retained profit/(loss) for the financial year	33	(105)
Shareholders funds brought forward	126	231
Shareholders funds carried forward	159	126

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 5 to 7 form part of these accounts.

ALPHA THERM LIMITED
(formerly Argos Building And Heating Supplies Limited)
CONSOLIDATED BALANCE SHEET AT 31st DECEMBER 1993

Page 4

	<u>Note</u>	<u>1993</u> £000	<u>1992</u> £000
CURRENT ASSETS			
Stocks	9	1,301	1,613
Debtors	10	2,784	1,974
		<u>4,085</u>	<u>3,587</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(3,861)	(3,405)
NET CURRENT ASSETS		<u>224</u>	<u>182</u>
PROVISIONS FOR LIABILITIES AND CHARGES	12	(65)	(56)
NET ASSETS		<u>159</u>	<u>126</u>
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Profit and loss account		159	126
		<u>159</u>	<u>126</u>

COMPANY BALANCE SHEET AT 31st DECEMBER 1993

	<u>Note</u>	<u>1993</u> £000	<u>1992</u> £000
FIXED ASSETS			
Investments	8	-	-
CURRENT ASSETS			
Stocks	9	916	1,613
Debtors	10	1,834	1,974
		<u>2,750</u>	<u>3,587</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(2,528)	(3,405)
NET CURRENT ASSETS		<u>222</u>	<u>182</u>
PROVISIONS FOR LIABILITIES AND CHARGES	12	(65)	(56)
NET ASSETS		<u>157</u>	<u>126</u>
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Profit and loss account		157	126
		<u>157</u>	<u>126</u>

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

A D Sivill

A D Sivill
Director

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

(formerly Argos Building And Heating Supplies Limited)

NOTES TO THE ACCOUNTS1. 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 subsidiary undertakings 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) Comparative figures The Company acquired its only subsidiary undertaking during the year ended 31st December 1993 and so the comparative figures shown for 31st December 1992 are those for the Company only.
- (c) Stocks Stock is valued at the lower of cost and net realisable value.
- (d) Operating leases Operating leases are charged to the profit and loss account on a straight line basis over the lease term.
- (e) 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.
- (f) Cash flow statement The Company is not required to present a cash flow statement as it is a wholly owned subsidiary undertaking of a parent undertaking that is registered in England and Wales.

2. TURNOVER

Turnover represents the total amount of goods sold and services rendered in the year including those sold to other Group undertakings and is exclusive of VAT. The Group trades exclusively in the UK and turnover arises principally from the business of specialist builders merchants.

3. PROFIT/(LOSS) BEFORE TAXATION

	<u>1993</u>	<u>1992</u>
	£000	£000
The profit/(loss) before taxation is stated after charging:		
Directors' emoluments: remuneration as executives	70	93
Other operating lease rentals	<u>120</u>	<u>144</u>

The total auditor's remuneration and expenses for Alpha Therm Limited are included in the accounts of United House Group Limited.

4. DIRECTORS' REMUNERATION

Excluding pension contributions, the emoluments of the highest paid Director were £33,506 (1992: £37,493). The emoluments of the Directors were within the following ranges:

	<u>1993</u>	<u>1992</u>
£0 - £5,000	2	1
£15,001 - £20,000	-	1
£30,001 - £35,000	2	-
£35,001 - £40,000	-	2

(formerly Argos Building And Heating Supplies Limited)

NOTES TO THE ACCOUNTS5. STAFF NUMBERS AND COSTS

The average number of persons employed by the Group (including Directors) during the year, was 52 (1992 : 61). The aggregate payroll costs of these persons were as follows:

	<u>1993</u>	<u>1992</u>
	<u>£000</u>	<u>£000</u>
Wages and salaries	804	819
Social security costs	45	48
Other pension costs	9	13
	<u>858</u>	<u>880</u>

6. TAXATION

Taxation based on the profit/(loss) of the Group for the year:

Corporation tax at 33% (1992 : 33%)

Under provision for previous year

<u>1993</u>	<u>1992</u>
<u>£000</u>	<u>£000</u>
159	(28)
2	9
<u>161</u>	<u>(19)</u>

7. RETAINED PROFIT/(LOSS)

Retained by: Alpha Therm Limited
Subsidiary undertakings

<u>1993</u>	<u>1992</u>
<u>£000</u>	<u>£000</u>
31	(105)
2	-
<u>33</u>	<u>(105)</u>

8. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The Company's only investment in a subsidiary undertaking was made during the year at a cost of £100 and consists of 100% of the ordinary share capital of Argos Building and Heating Supplies Limited (formerly called Alpha Therm Limited, before that Prime Equipment Limited and before that Millaise Limited), a company registered in England and Wales. Argos Building and Heating Supplies Limited is a specialised builders merchant and its results and balance sheet are included in the consolidation. The effect of the acquisition on the consolidated results of Alpha Therm Limited is not material.

9. STOCKS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Finished goods and goods for resale	<u>1,301</u>	<u>1,613</u>	<u>916</u>	<u>1,613</u>

10. DEBTORS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Trade debtors	1,826	1,788	1,826	1,788
Amounts owed by ultimate parent undertaking	950	-	-	-
Taxation recoverable	-	20	-	20
Other debtors	8	166	8	166
	<u>2,784</u>	<u>1,974</u>	<u>1,834</u>	<u>1,974</u>

ALPHA THERM LIMITED
(formerly Argos Building And Heating Supplies Limited)

Page 7

NOTES TO THE ACCOUNTS

11. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>GROUP</u>		<u>COMPANY</u>	
	1993 £000	1992 £000	1993 £000	1992 £000
Trade creditors	2,350	1,826	1,296	1,826
Amounts owed to ultimate parent undertaking	1,004	1,395	1,004	1,395
Corporation tax	140	-	139	-
Other taxes and social security	12	13	12	13
Accruals and deferred income	355	171	77	171
	<u>3,861</u>	<u>3,405</u>	<u>2,528</u>	<u>3,405</u>

12. <u>PROVISIONS FOR LIABILITIES AND CHARGES</u>	1993 £000
<u>Group and Company</u>	
Provision for repairs to goods sold:-	
At 1st January 1993	56
Charged to the profit and loss account	9
	<u>65</u>
At 31st December 1993	

13. <u>SHARE CAPITAL</u>	1993 £	1992 £
Authorised: 1,000 Ordinary Shares of £1 each	1,000	1,000
Allotted, called up and fully paid:		
100 Ordinary Shares of £1 each	100	100

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

15. FLOATING CHARGE
The Company has charged its assets by way of a fixed and floating charge to secure certain liabilities of the parent undertaking. At the 31st December 1993 the aggregate amount secured was NIL (1992: £870,000).

16. LEASING COMMITMENTS
Operating lease payments to be made in the following year on motor vehicles are analysed between those for which the commitment expires as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	1993 £000	1992 £000	1993 £000	1992 £000
Within one year	19	25	14	25
Two to five years	27	73	16	73
	<u>46</u>	<u>98</u>	<u>30</u>	<u>98</u>