



KINGSBRIDGE RESIDENTIAL LIMITED

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2004**

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KINGSBRIDGE RESIDENTIAL LIMITED

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KINGSBRIDGE RESIDENTIAL LIMITED

DIRECTORS

Chairman	John White-Jones
Other Directors	Chris Bean (Vice Chairman) Nimmi Channa Alan Johnson Christopher Phillips Dion Scherer Alan Walker

EXECUTIVE DIRECTORS

Alan Walker	Group Chief Executive
Nimmi Channa	Group Finance Director
Alan Johnson	Group Commercial & New Business Director

Secretary	Nimmi Channa
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**KINGSBRIDGE RESIDENTIAL LIMITED
REGISTERED OFFICE AND ADVISORS**

Registered office

Spelthorne House
Thames Street
Staines
Middlesex
TW18 4TA

Registered auditors

BDO Stoy Hayward LLP
Emerald House
East Street
Epsom
Surrey
KT17 1HS

Solicitors

Devonshires
Salisbury House
London Wall
London EC2N 5QY

Trowers & Hamlins
Sceptre Court
40 Tower Hill
London EC3N 4DX

Bankers

Lloyds TSB Bank Plc
2nd Floor
39 Threadneedle Street
London EC2R 8AU

Legal status

Registered under the Companies Act 1985 as a limited company with registration number:
4297708.

KINGSBRIDGE RESIDENTIAL LIMITED BOARD REPORT

for the period ended 31 March 2004

The Board has pleasure in presenting the Report and Financial Statements for Kingsbridge Residential Limited for the period ended 31 March 2004.

Date of Incorporation

Kingsbridge Residential Limited was incorporated on the 7 November 2001, and started trading on 31st October 2002 when its initial portfolio of market rented properties was transferred to it from Spelthorne Housing Association.

Principal activities

The principal activities of the company are the acquisition, development, refurbishment and conversion of dwellings for market renting.

Results for the period and transfer to reserves

Kingsbridge Residential Limited has made a profit after tax for the year of £82k (2003, £1k). This has been retained in the profit and loss account.

Review of the business

Kingsbridge Residential Limited will continue to expand its role as a market rented housing provider. Kingsbridge's key objective will continue to focus on the development of market rented properties in the future.

Fixed assets

Movements in fixed assets are shown in note 9 to the financial statements.

Charitable donations

During the year the company made charitable donations to its fellow subsidiary undertakings Apex Housing Solutions Limited of £160K and to Spelthorne Housing Association Limited of £40K (2003: £nil).

Share capital

Changes in share capital are shown in note 14 to the financial statements.

No director holds any interest in the issued share capital of the company. The interests of Apex Housing Group Limited (the parent), Spelthorne Housing Association Limited and Apex Housing Solutions (formerly Swanbridge Housing Association Limited) are disclosed in the financial statements of those Associations.

Employees

Kingsbridge Residential Limited does not employ any staff. Apex Housing Group Limited manages this function on behalf of the Company.

Internal controls assurance

The Board is responsible for the company's system of internal control. Any system of financial control can provide reasonable, but not absolute, assurance against the possibility of material misstatement or loss.

KINGSBRIDGE RESIDENTIAL LIMITED
BOARD REPORT (continued)
for the period ended 31 March 2004

The Board has established the following key procedures that are designed to provide effective internal control.

- **Group structure and governance**

There are written agreements between Kingsbridge Residential Limited and its parent company, Apex Housing Group Limited, defining the responsibilities of each organisation. Kingsbridge Residential Limited has suitable standing orders and financial regulations that are periodically reviewed and re-approved. These define the delegation of authority by the Boards.

- **Financial planning and budgeting**

The Group and each member organisation operate within the strategic framework set out in the Group's Corporate Plan. Long term financial plans inform the decisions taken to maintain the future financial health and sustainability of Kingsbridge Residential Limited. Annual budgets are prepared by Kingsbridge Residential Limited and approved by its Board. Performance against budget is regularly reported to its Board.

- **Treasury controls**

The Apex Group Board is responsible for determining the Group's treasury strategy. All borrowings are approved by the Group Board. Cash flow forecasting and day to day cash management ensure that cash is available to meet operational requirements. The Group Finance Director is responsible for ensuring that funds are made available to meet development costs.

- **Capital expenditure on housing development**

All proposed development projects are analysed using an appraisal model with agreed assumptions. Each project appraisal is submitted to the Board for approval.

- **Accounting records**

The Group Finance Director has responsibility for the financial records throughout the Group. All parts of the Group use the same accounting software and have suitable controls over the accuracy and timeliness of input of transactions. Key control accounts are regularly reconciled as are all bank accounts. A proper division of duties is maintained in the key areas of expenditure, payments, payroll and maintenance.

- **IT security**

All staff are required to comply with the Group's IT Strategy, for computer security. Compliance is regularly monitored

- **Assurance mechanisms**

The Group uses an external provider of internal audit services to deliver an annual programme of reviews covering all parts of the Group. Implementation of recommendations is monitored and reported to the Group Audit Committee. In addition a programme of risk management activity is in place to both identify and manage key risks.

KINGSBRIDGE RESIDENTIAL LIMITED
BOARD REPORT (continued)
for the period ended 31 March 2004

To ensure that these controls are operating properly the following review methods are in place :-

- Board overview of reports on financial performance.
- The monitoring by the Group Audit Committee to highlight potential lapses in controls.
- Direct approval of key decisions where authority has not been delegated.
- The Group-wide programme of internal audits.
- An annual internal review of the operation of the system of internal control.

The review of internal controls has revealed no weaknesses resulting in material losses, contingencies or uncertainties that would require disclosure in the financial statements.

Risk management

The Group has a systematic approach to risk management in order to control, contain or manage the major risks and any consequences arising. Building on the Group-wide risk identification procedure, the Group's executive Directors focus on the highest priority risks within each part of the Group.

The Directors identify the most pressing external threats to the Group and the major operational risks, as well as the more remote risks that would have far reaching consequences should they materialise. The work continues to ensure that the Group is well placed to respond to the threat of new risks that could arise.

Statement of the Board's responsibilities

The Companies Act 1985 requires the Board to prepare financial statements for each financial period 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 the financial statements, the Board is required to:

- select suitable accounting policies and then 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

KINGSBRIDGE RESIDENTIAL LIMITED
BOARD REPORT (continued)
for the year ended 31 March 2004

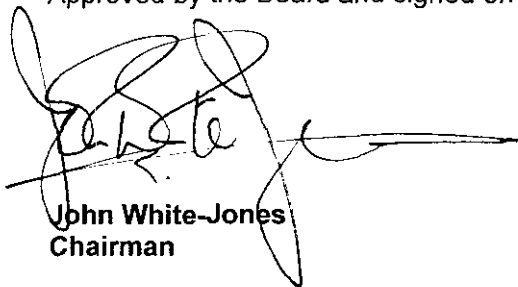
Statement of the Board's responsibilities (continued)

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable it to ensure that the financial statements comply with the Companies Acts 1985. It has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

On 31 December 2003, BDO Stoy Hayward transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the Board appointed BDO Stoy Hayward LLP as its successor with effect from 1 January 2004. A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

Approved by the Board and signed on its behalf by:



John White-Jones
Chairman

18th August 2004

KINGSBRIDGE RESIDENTIAL LIMITED

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS

To the members of Kingsbridge Residential Limited

We have audited the financial statements of Kingsbridge Residential Limited on pages 11 to 19 which have been prepared under the accounting policies set out on page 13.

Respective responsibilities of the Board and auditors

The Board's responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out on pages 7 and 8.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Report of the Board 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.

We read the Report of the Board and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 Board 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.

KINGSBRIDGE RESIDENTIAL LIMITED
REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS
(continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2004 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

Chartered Accountants and Registered Auditors

EPSOM, SURREY

Date: *18 August 2004*

KINGSBRIDGE RESIDENTIAL LIMITED
PROFIT AND LOSS ACCOUNT
for the period ended 31 March 2004

	Notes	2004 £'000	2003 £'000
Turnover		683	136
Operating costs		(275)	(86)
Gift Aid (paid)		(200)	-
Operating profit		208	50
Profit on the sale of properties	6	374	36
Interest receivable and similar income	4	20	1
Interest payable and similar charges	5	(501)	(86)
Profit on ordinary activities before taxation	7	101	1
Dividends Payable	5	(3)	
Tax on profit on ordinary activities	8	(16)	-
Profit on ordinary activities after taxation	15	82	1

Movements in reserves are shown in Note 15.

All amounts relate to continuing activities.

The notes on pages 13 to 19 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	2004 £'000	2003 £'000
Profit for the financial year	15	82	1
Unrealised surplus on revaluation of properties	9	481	634
Total recognised gains and losses relating to the year		563	635

NOTE OF HISTORICAL COST PROFITS AND LOSSES

		2004 £'000	2003 £'000
Retained profit on ordinary activities before taxation		101	1
Realisation of property revaluation surpluses of previous years	15	67	-
		168	1

The notes on pages 13 to 19 form part of these financial statements.

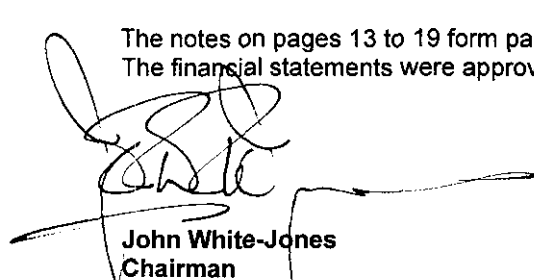
KINGSBRIDGE RESIDENTIAL LIMITED
BALANCE SHEET
as at 31 March 2004

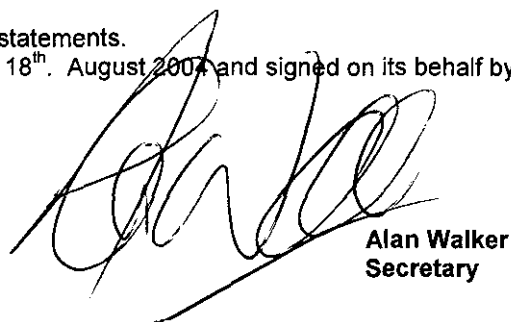
	Notes	2004 £'000	2003 £'000
Tangible fixed assets			
Investment Properties	9	13,745	6,164
		<u>13,745</u>	<u>6,164</u>
Current assets			
Debtors	10	57	165
Cash at bank and in hand	11	792	221
		<u>849</u>	<u>386</u>
Creditors			
Amounts falling due within one year	12	<u>(384)</u>	<u>(178)</u>
Net current assets		<u>465</u>	<u>208</u>
Total assets less current liabilities		14,210	6,372
Creditors			
Amounts falling due after more than one year	13	<u>(12,961)</u>	<u>(5,736)</u>
Net Assets		<u>1,249</u>	<u>636</u>
Capital and reserves			
Called up share capital	14	51	1
Profit and loss account	15	150	1
Revaluation reserve	15	1,048	634
		<u>1,249</u>	<u>636</u>

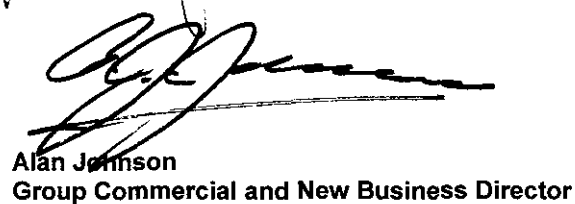
These financial statements have been prepared in accordance with the Financial Reporting Standard for smaller entities.

The notes on pages 13 to 19 form part of these financial statements.

The financial statements were approved by the Board on 18th August 2004 and signed on its behalf by:


John White-Jones
Chairman


Alan Walker
Secretary


Alan Johnson
Group Commercial and New Business Director

KINGSBRIDGE RESIDENTIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 March 2004

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. A summary of the more important accounting policies, based on the objectives of relevance, reliability, comparability and understandability which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting as modified by the revaluation of investment properties.

Housing properties

Investment housing properties, held for market rents, are revalued annually to market value and are not depreciated. The latest valuation was prepared by FPD Savills as at 31 March 2004.

Turnover

Turnover represents rent and service charge income.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet except that:

- Deferred tax is not recognised on timing differences on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- The recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

VAT

Members of the Group are registered as a VAT group. A large proportion of the Group's income comprises rental income which is exempt for VAT purposes and gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT. Recoverable VAT arising from partially exempt activities is credited to the profit & loss account.

2. DIRECTORS' EMOLUMENTS

The non executive Directors have received remuneration of £5,000 per annum, except the chairman who received £10,000. None of the executive Directors received any emoluments or were reimbursed expenses. The executive Directors are employed by the parent company, Apex Housing Group Limited, which raises management charges under service level agreements.

3. EMPLOYEE INFORMATION

The Company has no employees. It is managed by its parent company, Apex Housing Group Limited, the employees of which perform the necessary functions on behalf of Kingsbridge Residential Limited through service level agreements.

KINGSBRIDGE RESIDENTIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 31 March 2004

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £'000	2003 £'000
Deposit interest receivable from short-term		
Investment of surplus cash balances	20	1

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £'000	2003 £'000
Interest payable to Group entities	303	40
Interest payable on Housing Loans & similar charges	219	46
	48	-
Finance Related costs	570	86
	(69)	-
Less: Capitalised interest on properties under construction	501	86
	3	-
Preference dividend payable to group entities		

6. PROFIT ON SALE OF PROPERTIES

	2004 £'000	2003 £'000
Proceeds	2,222	258
Carrying value of units sold	(1,848)	(222)
Profit on disposal	374	36

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004 £'000	2003 £'000
Profit on ordinary activities is stated after charging/(crediting):		
Profit on sale of properties	374	36
Auditors' remuneration:		
in their capacity as auditors	2	1

KINGSBRIDGE RESIDENTIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 31 March 2004

8. TAXATION

	2004 £'000	2003 £'000
<i>Current Tax</i>		
UK corporation tax on profit for the year	(16)	-
<i>Deferred Tax</i>		
Movement in deferred tax provision (below)	-	-
Taxation on surplus on ordinary activities	<u>(16)</u>	<u>-</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	<u>101</u>	<u>1</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30%	30	-
Effects of:		
Expenses not deductible for tax purposes	3	-
Differences between profit on disposal and capital gain	14	(6)
Losses to carry forward	(5)	5
Marginal Relief	(5)	
Other Timing Differences	(21)	5
Current tax charge for period	<u>16</u>	<u>5</u>
<i>Provision for Deferred Tax</i>		
Deferred taxation @ 30%		
Credited to profit and loss account (above)	-	(5)
Closing Balance at 31 st March 2004	<u>16</u>	<u>-</u>
The deferred tax asset comprises : Losses	<u>-</u>	<u>(5)</u>

KINGSBRIDGE RESIDENTIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 31 March 2004

9. TANGIBLE FIXED ASSETS – INVESTMENT HOUSING PROPERTIES

	Completed Properties	Under Construction	Total
	£'000	£'000	£'000
Net book value			
Cost	4,754	776	5,530
Revaluation surplus	634	-	634
At 1 April 2003	5,388	776	6,164
Additions and disposals in the year:			
Additions at cost	3,793	441	4,234
Transfers from other Group entities	4,654	60	4,714
Disposals at Carrying Value	(1,848)	-	(1,848)
Revaluation Surplus	481	-	481
	12,468	1,277	13,745
Net book value at 31 March 2004 comprises:			
Cost	11,420	1,277	12,697
Revaluation surplus	1,048	-	1,048
	12,468	1,277	13,745

	2004 £'000	2003 £'000
Investment properties at valuation comprise:		
Freeholds	2,220	-
Long leaseholds	11,525	6,164
	13,745	6,164

Valuation

The investment properties were last professionally revalued at 31 March 2004 at Market Value on the basis that the properties are managed and owned by the Company which is committed to the provision of rented accommodation let at market rent. The housing stock was valued by FPD Savills, 25 Finsbury Circus, London EC2M 7EE. The assumed discount rate was 5.5% for transferred stock and 5.25% for newbuild stock and acquired street properties.

KINGSBRIDGE RESIDENTIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 31 March 2004

10. DEBTORS

	2004 £'000	2003 £'000
Amounts receivable within one year:		
Arrears of rent and service charges	51	3
Amounts due from other Group entities	6	127
Other debtors	-	35
Total	57	165

11. CASH AT BANK AND IN HAND

There is a charge in favour of Nationwide Syndications Limited on the entire company's cash at bank and in hand which amounted to £792k at 31 March 2004 (2003 £221k).

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £'000	2003 £'000
Amounts owed to other Group entities	120	96
Trade creditors	170	1
Other Taxes and Social Security Costs	16	-
<i>Other creditors</i>	78	81
	384	178

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £'000	2003 £'000
Housing Loans	5,600	2,100
Loans due to other group entities	7,361	3,636
	12,961	5,736
 The sources of housing loan are as follows:		
Banks and building societies	5,600	2,100

KINGSBRIDGE RESIDENTIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 31 March 2004

14. SHARE CAPITAL

	2004 £	2003 £
Authorised:		
100 Ordinary shares of £1 each	100	100
51,000 5% Preference shares of £1 each	51,000	1,000
Called up, issued and fully paid		
10 Ordinary shares of £1 each	10	10
51,000 5% Non Redeemable Preference shares of £1 each	51,000	1,000
	51,010	1,010

15. RESERVES

	Profit and Loss account	Revaluation Reserve	2004 Total reserves	2003
	£'000	£'000	£'000	£'000
At 1 st April 2003	1	634	635	
Profit for the period	82	-	82	1
Revaluation surplus	-	481	481	634
Transfer of realised surplus	67	(67)	-	
At 31 March 2004	150	1,048	1,198	635

16. CAPITAL COMMITMENTS

	2004 £'000	2003 £'000
Capital expenditure contracted for but not provided in the financial statements	2,500	-
Capital expenditure authorised by the Board but not yet contracted for	-	-

KINGSBRIDGE RESIDENTIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 31 March 2004

17. NUMBER OF HOMES IN MANAGEMENT

The number of homes in management at the year end was:

	At 31 March 2004	At 31 March 2003
Investment Properties	<u>95</u>	<u>47</u>

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Transactions" not to disclose transactions with members of the Group headed by Apex Group Limited on the grounds that at least 90% of the voting rights in the company are controlled within the Group and the company is included in the consolidated Financial Statements.

19. GROUP STRUCTURE

Kingsbridge Residential Limited is a subsidiary of Apex Housing Group Limited. The results of the company have therefore been consolidated within the Group financial statements, which are available on request from:

Apex Housing Group
Spelthorne House
Thames Street
Staines
Middlesex TW18 4TA