

Kingsbridge Residential Limited

Report and Financial Statements

Year ended 31 March 2006



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Company Information

Board

Chairman
Vice Chairman

G Waite
C Bean

Other Members

D Scherer
T Sullivan
P Cox
P Taylor
A Leahy (Appointed 14/12/05)

Executive Directors

Group Chief Executive
Deputy Group Chief Executive
Group Development & New Business Director
Group Operations Director
Group Finance Director
Group Corporate Services Director and Secretary

A Walker
J Knevet
A Johnson
A Evans
D Lynch
M Wood

Registered office

Spelthorne House
Thames Street
Staines
Middlesex
TW18 4TA

Auditors

RSM Robson Rhodes LLP
Bryanston Court
Selden Hill
Hemel Hempstead
HP2 4TN

Solicitors

Devonshires
Salisbury House
London Wall
London
EC2M 5QY

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

Bankers

Lloyds TSB Bank Plc
3rd Floor
25 Gresham Street
London
EC2V 7HN

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

Report of the Directors

The Directors present their report and the audited financial statements for the year ended 31 March 2006.

Principal activity and Future Development

The principal activities are to acquire, develop, refurbish and convert dwellings for market rent.

Result

The company made a loss for the year of £248k (2005: £636k loss).

Directors and Directors' Interests

The Directors who held office during the year and their interests in the Company were as follows:

G Waite
P Taylor
C Bean
D Scherer
T Sullivan
P Cox
A Leahy (Appointed 14/12/05)

None of the Directors have interests in the shares of the Company or in the shares of any other group company.

Fixed Assets

Property assets are shown at market value for the year ended 31 March 2006.

Auditors

The auditors, RSM Robson Rhodes LLP, are willing to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

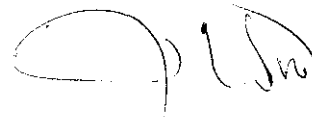
The Report of the Directors was approved on 6 September 2006 and signed on behalf of the Board by:



G Waite
Chairman



C Bean
Director



M Wood
Secretary

Statement of Responsibilities of the Board

Statement of the director's responsibilities for the report and financial statements

The directors are responsible for preparing the report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company Law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period.

In preparing those financial statements 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 United Kingdom accounting standard have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the director's report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

The directors are responsible for the maintenance and integrity of the corporate and financial information on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Disclosure of information to auditors

At the date of making this report each of the company's directors, as set out on page 1, confirm the following:

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Independent Auditors' Report to the Shareholders of Kingsbridge Residential Limited

We have audited the financial statements of Kingsbridge Residential Limited on pages 5 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 3, the director's are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Director's 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 other transactions is not disclosed.

We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom generally Accepted Accounting Practice, of the state of affairs of the company as at 31 March 2006 and of the company's loss for the year then ended and have been properly prepared in accordance with Companies Act 1985.

The information given in the directors' report is consistent with the financial statements.



RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors

Hemel Hempstead, England
7 September 2006

Profit and Loss Account

For the year ended 31 March 2006

	Note	2006 £ '000	2005 £ '000
Turnover - continuing activities	2	609	603
Operating expenses	2	(201)	(280)
Gift aid	2	-	-
Net operating profit – ordinary activities		408	323
(Loss)/profit on the sale of properties	8	(45)	(362)
Interest receivable	6	6	24
Interest payable	7	(617)	(628)
(Loss)/profit on ordinary activities before taxation		(248)	(643)
Taxation	9	-	7
Loss on ordinary activities after taxation retained for the year		(248)	(636)

The notes on pages 8-14 form part of these financial statements.

Statement of Total Recognised Gains and Losses

	Note	2006 £ '000	2005 £ '000
Profit/(loss) for the financial year		(249)	(643)
Unrealised surplus on revaluation of properties		627	17
Total recognised gains and losses relating to the year		<u>378</u>	<u>(626)</u>

Balance Sheet

As at 31 March 2006

	Note	2006 £ '000	2005 £ '000
Tangible fixed assets			
Investment Properties	10	12,567	13,362
Current assets			
Debtors	11	16	14
Cash at bank and in hand		1	21
		<u>17</u>	<u>35</u>
Creditors			
Amounts falling due within one year	13	(6,304)	(303)
Net current assets/(liabilities)		<u>(6,287)</u>	<u>(268)</u>
Total assets less current liabilities		6,280	13,094
Creditors			
Amounts falling due after more than one year	14	(5,303)	(12,464)
Net assets		<u>977</u>	<u>630</u>
Capital and reserves			
Called up share capital	15	51	51
Profit and loss account	16	(115)	61
Revaluation reserve	16	1,041	518
		<u>977</u>	<u>630</u>

The financial statements were approved by the Board on 6 September 2006 and signed on its behalf by:



G Waite
Chairman



C Bean
Director



M Wood
Secretary

Notes to the Financial Statements

31 March 2006

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historic cost accounting cost convention as modified by the revaluation of certain fixed assets.

Housing Properties

Turnover comprises rental income service charges receivable.

Investment housing properties, held for market rent, revalued annually to market value and are not depreciated.

The latest valuation was prepared by FPD Savills as at 31 March 2006.

Revaluation reserve

The difference between the valuation of housing properties and the historical cost carrying value (net of capital grants and depreciation) is credited to the revaluation reserve.

2. Net Operating Profit

The net operating profit is stated after charging:

	2006 £'000	2005 £'000
Auditors' remuneration	1	2
Depreciation of housing properties	-	-
Depreciation of other fixed assets	-	-

3. Directors Emoluments

The total emoluments received by the Non Executive Directors was £26,200 (2005: £26,229). None of the Executive Directors received any emoluments or were reimbursed expenses. The Executive Directors are employed by the parent company, A2 Housing Group Limited, which raises management charges under service level agreements.

4. Employees

The Company has no employees. It is managed by its parent undertaking, A2 Housing Group Limited, the employees of which perform the necessary functions on behalf of the company through service level agreements.

Notes to the Financial Statements

31 March 2006

5. Accommodation in management

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

	2006	2005
Market rent	83	88
	<u>83</u>	<u>88</u>

6. Interest Receivable and similar income

	2006 £ '000	2005 £ '000
Deposit interest receivable from short-term investments	6	20
Interest received from other Group entities	-	4
Interest received on rent due	-	-
	<u>6</u>	<u>24</u>

7. Interest payable and similar charges

	2006 £ '000	2005 £ '000
Interest payable to Group entities	356	437
Loans and bank overdrafts	263	298
Finance related costs	3	2
	<u>622</u>	<u>737</u>
Less: capitalised interest on properties under construction	(5)	(109)
	<u>617</u>	<u>628</u>
Preference dividend payable to group entities		-

8. Profit/(loss) on sale of properties

	2006 £ '000	2005 £ '000
Proceeds	1,277	3,534
Carrying value of units sold or transferred to group entities	(1,285)	(3,787)
Selling costs	(37)	(109)
Profit/(loss) on disposal	<u>(45)</u>	<u>(362)</u>

Notes to the Financial Statements

9. Tax on profit/(loss) on ordinary activities

	2006 £ '000	2005 £ '000
<i>Current Tax</i>		
UK corporation tax on profit for the year	-	-
Over provision in prior years	-	7
	<u>-</u>	<u>7</u>
Taxation on surplus on ordinary activities	<u>-</u>	<u>7</u>

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

	2006 £ '000	2005 £ '000
Profit/(loss) on ordinary activities before tax	(250)	(643)
	<u>-</u>	<u>-</u>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 30%	(75)	(193)
Effects of:		
Expenses not deductible for tax purposes	15	3
Differences between profit on disposal and capital gain	-	150
Losses to carry forward	60	73
Marginal relief	-	-
Adjustment arising in previous year	-	(7)
Other timing differences	-	(33)
	<u>-</u>	<u>(7)</u>
Current tax charge for period	<u>-</u>	<u>(7)</u>

10. Tangible fixed assets – investment housing properties

Housing properties	Social housing properties held for letting £'000	Non-social housing properties held for letting £'000	Total housing properties held for letting £'000	Social housing properties under construction £'000	Non-social housing properties under construction £'000	Total housing to let properties under construction £'000	Completed shared ownership housing properties £'000	Shared ownership properties under construction £'000	Total
Cost									
At 1 April 2005		12,000	12,000		1,364	1,364			1,364
Additions					(113)	(113)			(113)
Improvements					-	-			5
Interest capitalised					5	5			
Schemes completed		(90)	(90)		90	90			
Disposals		(860)	(860)		(429)	(429)			(1,289)
Valuation adjustment		600	600		-	-			600
At 31 March 2006		11,650	11,650		917	917			12,567
Depreciation and impairment									
At 1 April 2005									
Charged in year									
Released on disposal									
Valuation adjustment									
At 31 March 2006									
Depreciated cost									
At 31 March 2006		11,650	11,650		917	917			12,567
At 31 March 2005		12,000	12,000		1,364	1,364			13,364
Social Housing Grant									
At 1 April 2005									
Additions									
Schemes completed									
Disposals									
Valuation adjustment									
At 31 March 2006									
Net book value									
At 31 March 2006		11,650	11,650		917	917			12,567
At 31 March 2005		12,000	12,000		1,364	1,364			13,364

Notes to the Financial Statements

11. Debtors

	2006 £ '000	2005 £ '000
Amounts receivable within one year:	33	-
Arrears of rent and service charges: Less Provision for bad debt	(23)	7
Amounts due from other Group entities	-	-
Other debtors	6	7
Total	16	14

12. Cash at bank and in hand

There was a charge in favour of Nationwide Syndications Limited on the entire company's cash at bank and in hand which amounted to £1k (2005: £21k).

13. Creditors: Within One Year

	2006 £ '000	2005 £ '000
Amounts owed to group entities	6,299	127
Rent received in advance	5	176
	6,304	303

14. Creditors: Amounts falling due after more than one year

	2006 £ '000	2005 £ '000
Housing Loans	-	4,600
Loans due to other group entities	5,300	7,864
Other	3	-
	5,303	12,464
The sources of housing loans are as follows:		
Banks and building societies	-	4,600
Inter-company from A2 Housing Group	5,300	-

Notes to the Financial Statements

15. Share capital

	2006 £	2005 £
Authorised:		
100 Ordinary shares of £1 each	10	10
51,000 5% preference shares of £1 each	51,000	51,000
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	51,000
	51,010	51,010

16. Reserves

	Profit and Loss account £ '000	Revaluation reserve £ '000	2006 Total £ '000
At 1 April 2005	61	518	579
Profit/(loss) for the year	(248)	-	(248)
Revaluation surplus	-	595	595
Transfer of realised surplus	72	(72)	-
	(115)	1,041	926

17. Capital commitments

	2006 £ '000	2005 £ '000
Expenditure contracted for but not provided in the financial statements	3,044	-
Expenditure authorised by the Board but not yet contracted for	-	3,273
	3,044	3,273

18. Related party transactions

The company's ultimate holding company is A2 Housing Group Limited and related party transactions within the group have been discussed in the group accounts. No other related party transactions took place.