

Kingsbridge Residential Limited

Report and Financial Statements

Year ended 31 March 2007

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Company Information

Board

Chairman
Vice Chairman

A Leahy
C Bean

Other Members

D Scherer (resigned 21/03/07)
T Sullivan
P Cox
P Taylor
G Dibben (appointed 10/01/07)
G Waite

Executive Directors

Group Chief Executive
Group Development & New Business Director
Group Operations Director
Group Finance Director
Group Corporate Services Director and Secretary
Group Director A2 Winchester

J Knevett
A Johnson
A Evans
D Lynch
M Wood
M Newbigin

Registered office

Spelthorne House
Thames Street
Staines
Middlesex
TW18 4TA

Auditors

Grant Thornton UK 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 2007

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 £ 230k (2006 £248k loss)

Directors and Directors' Interests

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

A Leahy	
C Bean	
G Waite	
P Taylor	
D Scherer	(Resigned 21/03/07)
T Sullivan	
P Cox	
G Dibben	(Appointed 10/01/07)

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 2007

Auditors

RSM Robson Rhodes LLP ("Robson Rhodes") merged its audit practice with that of Grant Thornton UK LLP with effect from 2 July 2007, with the successor firm being Grant Thornton. Robson Rhodes resigned as auditors on 10 August 2007, creating a casual vacancy which the directors have filled by appointing Grant Thornton. A resolution to reappoint Grant Thornton as auditors of the company will be proposed at the forthcoming Annual General Meeting

The Report of the Directors was approved on 12 September 2007 and signed on behalf of the Board by



A Leahy
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 15. 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 directors 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 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 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 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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



Grant Thornton UK LLP
Chartered Accountants and Registered Auditors

Hemel Hempstead, England
20 September 2007

Profit and Loss Account

For the year ended 31 March 2007

	Note	2007 £ '000	2006 £ '000
Turnover - continuing activities	2	535	609
Operating expenses	2	(288)	(201)
Gift aid	2	-	-
Net operating profit – ordinary activities	2,3	247	408
Profit/(loss) on the sale of properties	8	623	(45)
Interest receivable	6	-	6
Interest payable	7	(550)	(617)
Profit on ordinary activities before taxation		320	(248)
Taxation	9	-	-
Profit on ordinary activities after taxation retained for the year	16	320	(248)
Transfer to revaluation reserve	16	(550)	-
		<u>(230)</u>	<u>(248)</u>

The notes on pages 8-15 form part of these financial statements

Statement of Total Recognised Gains and Losses

	Note	2007 £ '000	2006 £ '000
Profit/(loss) for the financial year		320	(248)
Unrealised surplus on revaluation of properties		499	627
Total recognised gains and losses relating to the year		<u>819</u>	<u>379</u>

Balance Sheet

As at 31 March 2007

	Note	2007 £ '000	2006 £ '000
Tangible fixed assets			
Investment Properties	10	11,495	12,567
Current assets			
Debtors	11	118	16
Cash at bank and in hand		1	1
		<u>119</u>	<u>17</u>
Creditors			
Amounts falling due within one year	13	(5,342)	(6,304)
Net current liabilities		<u>(5,223)</u>	<u>(6,287)</u>
Total assets less current liabilities		<u>6,272</u>	<u>6,280</u>
Creditors			
Amounts falling due after more than one year	14	(4,476)	(5,303)
Net assets		<u>1,796</u>	<u>977</u>
Capital and reserves			
Called up share capital	15	51	51
Profit and loss account	16	(345)	(115)
Revaluation reserve	16	2,090	1,041
		<u>1,796</u>	<u>977</u>

The financial statements were approved by the Board on 12 September 2007 and signed on its behalf by


A Leahy
Chairman


C Bean
Director


M Wood
Secretary

Notes to the Financial Statements

31 March 2007

1. Legal Status

The company is registered under the Companies Act 1985

2. Accounting Policies

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

Turnover

Turnover comprises rental income service charges receivable

Housing Properties

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

The latest valuation was prepared by Campsie as at 31 March 2007

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the incremental liability method on all timing differences that have arisen, but not reversed by the balance sheet date

In accordance with FRS 19, deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted

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

3. Net Operating Profit

The net operating profit is stated after charging

	2007 £'000	2006 £'000
Auditors' remuneration	1	1
Depreciation of housing properties	-	-
Depreciation of other fixed assets	-	-

4. Directors Emoluments

The total emoluments received by the Non Executive Directors are disclosed within the parent company, A2 Housing Group Ltd. The Executive Directors are employed by the parent company, A2 Housing Group Limited, which raises management charges under service level agreements

5. 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 2007

5. Accommodation in management

The number of homes in management at the year end was

	2007 £ '000	2006 £ '000
Market rent	67	83

6. Interest Receivable and similar income

	2007 £ '000	2006 £ '000
Deposit interest receivable from short-term investments	-	6
Interest received from other Group entities	-	-
Interest received on rent due	-	-
	-	6

7. Interest payable and similar charges

	2007 £ '000	2006 £ '000
Interest payable to Group entities	265	356
Loans and bank overdrafts	285	263
Finance related costs	-	3
	550	622
Less capitalised interest on properties under construction	-	(5)
	550	617

8. Profit/(loss) on sale of properties

	2007 £ '000	2006 £ '000
Proceeds	2,296	1,277
Carrying value of units sold or transferred to group entities	(1,622)	(1,285)
Selling costs	(51)	(37)
Profit/(loss) on disposal	623	(45)

Notes to the Financial Statements

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

	2007 £ '000	2006 £ '000
<i>Current Tax</i>		
UK corporation tax on profit for the year	-	-
Over provision in prior years	-	-
	<u>-</u>	<u>-</u>
Taxation on surplus on ordinary activities	<u>-</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

	2007 £ '000	2006 £ '000
Profit/(loss) on ordinary activities before tax	320	(248)
	<u>320</u>	<u>(248)</u>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 30%	96	(75)
Effects of		
Expenses not deductible for tax purposes	-	15
Chargeable Gains	26	-
Losses to carry forward	-	60
Income not taxable	(22)	-
Unrelieved tax losses & other deductions	55	-
Amounts credited directly to STRGL	(155)	-
	<u>-</u>	<u>-</u>
Current tax charge for period	<u>-</u>	<u>-</u>

Notes to the Financial Statements

10. Tangible fixed assets – properties

Housing properties	Non-social housing properties held for letting	Total housing properties held for letting	Non-social housing properties under construction	Total housing to let properties under construction	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2006	11,650	11,650	917	917	12,567
Additions	-	-	-	-	-
Improvements	-	-	50	50	50
Interest capitalised	-	-	-	-	-
Schemes completed	39	39	(39)	(39)	-
Disposals	(2,158)	(2,158)	(13)	(13)	(2,171)
Valuation adjustment	1,049	1,049	-	-	1,049
At 31 March 2007	10,580	10,580	915	915	11,495
Depreciation and impairment	-	-	-	-	-
At 1 April 2006	-	-	-	-	-
Charged in year	-	-	-	-	-
Released on disposal	-	-	-	-	-
Valuation adjustment	-	-	-	-	-
At 31 March 2007	-	-	-	-	-
Depreciated cost	-	-	-	-	-
At 31 March 2007	10,580	10,580	915	915	11,495
At 31 March 2006	11,650	11,650	917	917	12,567
Net book value	-	-	-	-	-
At 31 March 2007	10,580	10,580	915	915	11,495
At 31 March 2006	11,650	11,650	917	917	12,567

Notes to the Financial Statements

10. Tangible fixed assets – properties (continued)

Expenditure on works to existing properties

	2007 £ '000	2006 £ '000
Amounts capitalised	-	-
Amounts charged to income and expenditure account	1	-
Total	<u>1</u>	<u>-</u>

Housing properties book value, net of depreciation and grants comprises

	2007 £ '000	2006 £ '000
Freehold land and buildings	773	1,521
Long leasehold land and buildings	9,673	11,046
Short leasehold land and buildings	-	-
	<u>10,446</u>	<u>12,567</u>

In valuing the housing properties, properties were valued at market value. Market value is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion"

This should be considered in accordance with the interpretive commentary set out in paragraph PS3 2 of the RICS appraisal standards

The valuations have been completed broadly on the basis of comparable evidence

The carrying value of the housing properties that would have been included in the financial statements had the assets been carried at historical cost less depreciation is as follows

	2007 £ '000	2006 £ '000
Historical cost	8,484	10,499
Depreciation and impairment	-	-
Total	<u>8,484</u>	<u>10,499</u>

Notes to the Financial Statements

11. Debtors

	2007 £ '000	2006 £ '000
Rent and Service Charge Arrears	177	33
Provision for bad debt	(66)	(23)
Amounts due from other Group entities	-	-
Other debtors	7	6
Total	118	16

12. Cash at bank and in hand

Cash at bank and in hand amounted to £1k (2006 £1k)

13. Creditors: Within One Year

	2007 £ '000	2006 £ '000
Amounts owed to group entities	5,246	6,299
Rent received in advance	1	5
Other creditors and accruals	95	-
	5,342	6,304

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

	2007 £ '000	2006 £ '000
Housing Loans	-	-
Loans due to other group entities	4,472	5,300
Other	4	3
	4,476	5,303
The sources of housing loans are as follows		
Banks and building societies	-	-
Inter-company from A2 Housing Group	4,472	5,300

Notes to the Financial Statements

15. Share capital

	2007 £	2006 £
Authorised		
100 Ordinary shares of £1 each	100	100
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	2007 Total £ '000
At 1 April 2006	(115)	1041	926
Profit for the year	320		320
Revaluation surplus	-	499	499
Transfer of realised surplus	(550)	550	-
	(345)	2090	1745

17. Capital commitments

	2007 £ '000	2006 £ '000
Expenditure contracted for but not provided in the financial statements	-	3,044
Expenditure authorised by the Board but not yet contracted for	-	-
	-	3,044

Notes to the Financial Statements

18. Related Party Disclosure

All of the Association's voting rights are controlled within the group headed by A2 Housing Group Limited

The association has taken advantage of the exemption contained in FRS 8 not to disclose details of transactions or balances with entities that form part of the group as these transactions are eliminated in the consolidated accounts of the parent company

19. Ultimate Holding Entity

The ultimate parent company and controlling entity is A2 Housing Group Limited the controlling entity is register with both the Housing Corporation (L4240) and the Industrial and Provident Society (28985R) Copies of the consolidated financial statements are available from the head office of A2 Housing Group Limited situated at Spelthorne House, Thames Street, Staines TW18 4TA