

Kingsbridge Residential Limited

Report and Financial Statements

Year ended 31 March 2008

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Company Information

Board

Chairman
Vice chairman

A Leahy
C Bean

Other Members

T Sullivan
P Cox
P Taylor
G Dibben
G Waite
R Allen (appointed 29/11/07)
J Czezowski (appointed 29/11/07)

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 South

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

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 2008

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 £381k (2007 £230k 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	
T Sullivan	
P Cox	
G Dibben	
R Allen	(appointed 29/11/07)
J Czezowski	(appointed 29/11/07)

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 2008

Statement of the directors' 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

Auditors

The auditors are willing to continue in office, and a resolution to reappoint them will be proposed at the forthcoming annual general meeting

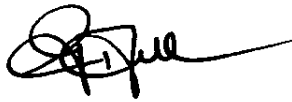
Small Company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

The report of the directors was approved on 24 September 2008 and signed on behalf of the Board by



A Leahy
Chairman



G Dibben
Director



M Wood
Secretary

Independent Auditors' Report to the Shareholders of Kingsbridge Residential Limited

We have audited the financial statements of Kingsbridge Residential Limited on pages 5 to 14. 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

The responsibilities of the board for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the report of the directors on pages 2 and 3.

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 read the other information accompanying the financial statements and consider whether it is consistent with the audited financial statements. The other information comprises the Report of the Directors. We consider the implications for our report if we become aware of any apparent misstatements or other material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 2008 and of its loss for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- The information given in the Report of the Directors is consistent with the financial statements

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors

Hemel Hempstead, England
26 September 2008

Profit and Loss Account

For the year ended 31 March 2008

	Note	2008 £ '000	2007 £ '000
Turnover - continuing activities	2	493	535
Operating expenses		(235)	(288)
Net operating profit – ordinary activities	3	258	247
(Loss)/profit on the sale of properties	7	(21)	623
Interest payable	6	(647)	(550)
(Loss)/profit on ordinary activities before taxation		(410)	320
Taxation	8	-	-
(Loss)/profit on ordinary activities after taxation retained for the year	15	(410)	320
Transfer from/(to) revaluation reserve	15	29	(550)
		<u>(381)</u>	<u>(230)</u>

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

Statement of Total Recognised Gains and Losses

	Note	2008 £ '000	2007 £ '000
(Loss)/profit for the financial year		(410)	320
Unrealised (deficit)/surplus on revaluation of properties		(846)	499
Total recognised gains and losses relating to the year		<u>(1,256)</u>	<u>819</u>

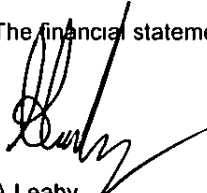
Balance Sheet

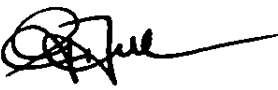
As at 31 March 2008

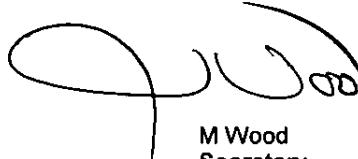
	Note	2008 £ '000	2007 £ '000
Tangible fixed assets			
Investment Properties	9	11,071	11,495
Current assets			
Debtors	10	47	118
Cash at bank and in hand	11	1	1
		<u>48</u>	<u>119</u>
Creditors			
Amounts falling due within one year	12	(6,107)	(5,342)
Net current liabilities		<u>(6,059)</u>	<u>(5,223)</u>
Total assets less current liabilities		5,012	6,272
Creditors			
Amounts falling due after more than one year	13	(4,472)	(4,476)
Net assets		<u>540</u>	<u>1,796</u>
Capital and reserves			
Called up share capital	14	51	51
Profit and loss account	15	(726)	(345)
Revaluation reserve	15	1,215	2,090
		<u>540</u>	<u>1,796</u>

The financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

The financial statements were approved by the Board on 24 September 2008 and signed on its behalf by


A Leahy
Chairman


G Dibben
Director


M Wood
Secretary

Notes to the Financial Statements

31 March 2008

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 Campsies as at 31 March 2008

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

	2008 £'000	2007 £'000
Auditors' remuneration	1	1

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 2008

5. Accommodation in management

The number of homes in management at the year end was

	2008 £ '000	2007 £ '000
Market rent	69	67

6. Interest payable and similar charges

	2008 £ '000	2007 £ '000
Interest payable to Group entities	353	265
Loans and bank overdrafts	294	285
	647	550

7. (Loss)/Profit on sale of properties

	2008 £ '000	2007 £ '000
Proceeds	80	2,296
Carrying value of units sold or transferred to group entities	(100)	(1,622)
Selling costs	(1)	(51)
(Loss)/profit on disposal	(21)	623

Notes to the Financial Statements

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

	2008 £ '000	2007 £ '000
<i>Current Tax</i>		
UK corporation tax on profit for the year		
Over provision in prior years	-	-
	-	-
Taxation on surplus on ordinary activities	-	-

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

	2008 £ '000	2007 £ '000
(Loss)/profit on ordinary activities before tax	(410)	320
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 30%	(123)	96
Effects of		
Expenses not deductible for tax purposes	6	-
Chargeable Gains	12	26
Income not taxable	-	(22)
Unrelieved tax losses & other deductions	105	55
Amounts credited directly to STRGL	-	(155)
Current tax charge for period	-	-

Notes to the Financial Statements

9. 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 2007	10,580	10,580	915	915	11,495
Additions	511	511	11	11	522
Disposals	(100)	(100)	-	-	(100)
Valuation adjustment	(846)	(846)	-	-	(846)
At 31 March 2008	<u>10,145</u>	<u>10,145</u>	<u>926</u>	<u>926</u>	<u>11,071</u>
Depreciation and impairment					
At 1 April 2007 and 31 March 2008	-	-	-	-	-
Depreciated cost					
At 31 March 2008	<u>10,145</u>	<u>10,145</u>	<u>926</u>	<u>926</u>	<u>11,071</u>
At 31 March 2007	<u>10,580</u>	<u>10,580</u>	<u>915</u>	<u>915</u>	<u>11,495</u>
Net book value					
At 31 March 2008	<u>10,145</u>	<u>10,145</u>	<u>926</u>	<u>926</u>	<u>11,071</u>
At 31 March 2007	<u>10,580</u>	<u>10,580</u>	<u>915</u>	<u>915</u>	<u>11,495</u>

Notes to the Financial Statements

9. Tangible fixed assets – properties (continued)

Expenditure on works to existing properties

	2008 £ '000	2007 £ '000
Amounts charged to income and expenditure account	-	1
Total	-	1

Housing properties book value, net of depreciation and grants comprises.

	2008 £ '000	2007 £ '000
Freehold land and buildings	773	773
Long leasehold land and buildings	10,298	10,722
	11,071	11,495

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

	2008 £ '000	2007 £ '000
Historical cost	8,895	8,484
Total	8,895	8,484

Notes to the Financial Statements

10. Debtors

	2008 £ '000	2007 £ '000
Rent and Service Charge Arrears	100	177
Provision for bad debt	(54)	(66)
Other debtors	1	7
Total	47	118

11. Cash at bank and in hand

Cash at bank and in hand amounted to £1k (2007 £1k)

12. Creditors: Within One Year

	2008 £ '000	2007 £ '000
Amounts owed to group entities	6,000	5,246
Rent received in advance	20	1
Other creditors and accruals	87	95
	6,107	5,342

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

	2008 £ '000	2007 £ '000
Housing Loans	4,472	4,472
Other	-	4
	4,472	4,476
The sources of housing loans are as follows		
Banks and building societies	4,472	4,472

Notes to the Financial Statements

14. Share capital

	2008 £	2007 £
Authorised		
100 Ordinary shares of £1 each	100	100
51,000 5% preference shares of £1 each	51,000	51,000
	<u> </u>	<u> </u>
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
	<u> </u>	<u> </u>
	51,010	51,010
	<u> </u>	<u> </u>

15. Reserves

	Profit and Loss account £ '000	Revaluation reserve £ '000	2008 Total £ '000
At 1 April 2007	(345)	2,090	1,745
(Loss) for the year	(410)	-	(410)
Revaluation deficit	-	(846)	(846)
Transfer of realised gain	29	(29)	-
	<u> </u>	<u> </u>	<u> </u>
Closing shareholders' funds	(726)	1,215	489
	<u> </u>	<u> </u>	<u> </u>

16. 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

17. Ultimate Holding Entity

The ultimate parent company and controlling entity is A2 Housing Group Limited which is registered 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