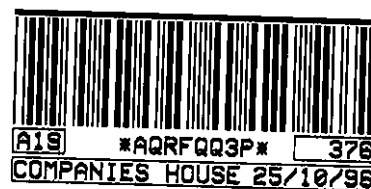


**KINGDOMWIDE DEVELOPMENTS LIMITED**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 1996**



**KINGDOMWIDE DEVELOPMENTS LIMITED**

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**KINGDOMWIDE DEVELOPMENTS LIMITED**

**COMPANY DETAILS**

<b>Director</b>	The North British Housing Association Limited
<b>Group Chief Executive</b>	E D Armitage
<b>Company Secretary</b>	D M Tolson
<b>Registered Office</b>	4 The Pavilions Portway Preston PR2 2YB
<b>Bankers</b>	Co-Operative Bank Plc 147 Church Street Preston PR1 3UD
<b>Registered Auditors</b>	Coopers & Lybrand Richmond House 1 Rumford Place Liverpool L3 9QS
<b>Registration of Company</b>	1310093

**KINGDOMWIDE DEVELOPMENTS LIMITED**

**REPORT OF THE DIRECTOR**

**FOR THE YEAR ENDED 31 MARCH 1996**

The director is pleased to submit the report and financial statements for the year ended 31 March 1996.

**Activities**

The company was set up with the primary aim of developing property for the purpose of cost sale. The director has no current plans to undertake any more such development. The company has ongoing management responsibilities, undertaken by The North British Housing Association Limited, and sales of retained equity on properties previously developed.

**Review of Business and future developments**

The profit for the year after tax was £253,338 (1995: loss £146,101). This was due to losses on the management of and on staircasing sales at the Grove village development of £132,029, a profit on the sale of Grove Village to The North British Housing Association Limited of £368,938, and a profit on the continuing activity of £16,429. The long term loans have been redeemed, and it is anticipated that profits on the continuing activities will extinguish the accumulated loss carried forward of £166,300.

**Dividends**

The director does not recommend the payment of a dividend.

**Fixed Assets**

The movements in fixed assets are set out in note 9 to the financial statements.

**Director**

The director who served during the year is shown on page 2.

**Ownership of the Company**

On 26 September 1995 the company became wholly owned directly by The North British Housing Association Limited. Further details appear in note 17 to these financial statements.

**KINGDOMWIDE DEVELOPMENTS LIMITED**  
**REPORT OF THE DIRECTOR (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 1996**

**Statement of Director's Responsibilities**

The director is required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

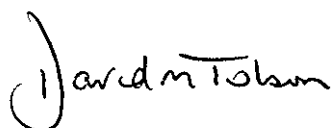
The director confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1996. The director also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The director is responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

**By order of the Board**



**D M TOLSON**  
**Company Secretary**

**11 September 1996**

**KINGDOMWIDE DEVELOPMENTS LIMITED**

**REPORT OF THE AUDITORS TO THE MEMBERS OF THE COMPANY**

We have audited the financial statements on pages 6 to 13.

**Respective Responsibilities of the Director and Auditors**

As described on page 4, the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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 have 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 of the company's affairs as at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Coopers & Lybrand**  
**Chartered Accountants and Registered Auditors**

**Liverpool**  
**11 September 1996**

**KINGDOMWIDE DEVELOPMENTS LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 1996**

	Notes	1996	1995
		£	£
Turnover			
Continuing operations		270,141	243,967
Discontinued operations		306,006	506,053
		-----	-----
Total turnover	2	576,147	750,020
Cost of sales	3	(118,377)	(364,693)
		-----	-----
Gross profit		457,770	385,327
Administrative expenses	3	(326,658)	(294,194)
		-----	-----
Operating profit			
Continuing operations		11,370	3,988
Discontinued operations		119,742	87,145
		-----	-----
Total operating profit		131,112	91,133
Profit on disposal of discontinued operations	3	368,938	-
Interest receivable and similar income		5,059	10,447
Interest payable and similar charges		(251,771)	(247,681)
		-----	-----
Profit/(Loss) on ordinary activities before taxation.		253,338	(146,101)
Taxation	8	-	-
		-----	-----
Profit/(Loss) on ordinary activities for the year after taxation.		253,338	(146,101)
Retained loss brought forward		(419,638)	(273,537)
		-----	-----
Retained loss carried forward		(166,300)	(419,638)
		=====	=====

The company has no recognised gains and losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

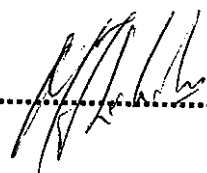
There is no difference between the profit on ordinary activities after taxation and the profit for the year stated above, and their historical cost equivalents.

**KINGDOMWIDE DEVELOPMENTS LIMITED****BALANCE SHEET AS AT 31 MARCH 1996**

	Notes	1996 £	1995 £ (Restated)
<b>Fixed assets</b>			
Tangible fixed assets	9	-	2,877,415
<b>Current assets</b>			
Debtors	11	60,565	116,652
Cash at bank and in hand		358,849	343,933
		-----	-----
		419,414	460,585
<b>Creditors - Amounts falling due within one year</b>	12	(82,282)	(59,454)
		-----	-----
<b>Net Current Assets</b>		337,132	401,131
		-----	-----
<b>Total Assets less current liabilities</b>		337,132	3,278,546
<b>Creditors - Amounts falling due after more than one year</b>	13	-	(3,201,080)
<b>Provisions for liabilities and charges</b>	14	(303,332)	(297,004)
		-----	-----
		33,800	(219,538)
		=====	=====
<b>Capital and reserves</b>			
Called up share capital	15	200,100	200,100
Profit and loss account		(166,300)	(419,638)
		-----	-----
Equity shareholders' funds		33,800	(219,538)
		=====	=====

The financial statements on pages 6 to 13 were approved by the director on 11 September 1996 and signed on its behalf by:


Chair



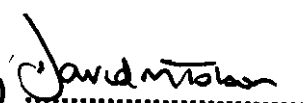
Group Chief Executive



Board Member



Group Director (Finance)





**KINGDOMWIDE DEVELOPMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 1996****1. ACCOUNTING POLICIES****a) Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting standards in the United Kingdom. A summary of the more significant policies, which have been applied on a consistent basis, is set out below.

**b) Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

**c) Going concern**

Following the sale of the housing assets of Grove Village to the parent company on 29th March 1996, the outstanding long term loans have been repaid. The company will cease to make losses, and future profits will eliminate the accumulated loss.

**d) Sales of properties and retained equity**

The objective of the company is to develop properties and to sell them at cost. The difference between the proceeds and the market value of the properties at the date of sale constitutes the company's equity in the property. The company may only benefit from this equity when the property is resold.

**e) Depreciation**

Freehold land and buildings are classified as tangible fixed assets and are maintained in a state of repair so as to prolong their useful life such that the depreciation charge is nil.

**2. TURNOVER**

	1996 £	1995 £
Rents and service charges	468,736	447,896
Sale proceeds of staircasing sales	107,411	302,124
	-----	-----
	576,147	750,020
	=====	=====

**NOTES OF THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 1996**

**3. DISCONTINUED OPERATIONS**

On 29 March 1996 the company sold the properties at the Grove Village development to the parent company, The North British Housing Association Limited for £3,156,692. The profit on sale is £368,938.

	1996		
	Continuing £	Discontinued £	Total £
Turnover	270,141	306,006	576,147
Cost of sales	-	(118,377)	(118,377)
Administration	(258,771)	(67,887)	(326,658)
Operating profit	<hr/> 11,370	<hr/> 119,742	<hr/> 131,112
Interest receivable & other income	5,059	-	5,059
Interest payable & similar charges	-	(251,771)	(251,771)
Profit/(Loss) for the year	<hr/> 16,429	<hr/> (132,029)	<hr/> (115,600)
Profit on disposal of discontinued activity	<hr/> -	<hr/> 368,938	<hr/> 368,938
Total profit for the year before tax	<hr/> 16,429	<hr/> 236,909	<hr/> 253,338
	=====	=====	=====
	1995		
	Continuing £	Discontinued £	Total £
Turnover	243,967	506,053	750,020
Cost of sales	(1,100)	(363,593)	(364,693)
Administration	(238,879)	(55,315)	(294,194)
Operating Profit	<hr/> 3,988	<hr/> 87,145	<hr/> 91,133
Interest receivable & other income	10,447	-	10,447
Interest payable & similar charges	-	(247,681)	(247,681)
Profit/(loss) for the year before tax	<hr/> 14,435	<hr/> (160,536)	<hr/> (146,101)
	=====	=====	=====

**NOTES OF THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 1996****3. DISCONTINUED OPERATIONS (CONTINUED)**

The principle used in allocating the interest payable is that the underlying borrowings financed the assets which have been disposed of, and were extinguished from the proceeds of the disposal, therefore all the interest payable is attributable to the discontinued activity.

The interest receivable relates to cash balances held in respect of specific continuing activities.

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	1996 £	1995 £
On Building Society loans not wholly repayable within 5 years.	102,165	111,077
The North British Housing Association Limited debenture	149,606	136,604
	-----	-----
	251,771	247,681
	=====	=====

**5. PROFIT BEFORE TAXATION**

The profit on ordinary activities before taxation is stated after charging the following items:-

Auditors' remuneration

-Audit services	2,997	2,820
-Other services	2,767	1,058
	=====	=====

**6. DIRECTOR'S EMOLUMENTS**

The director received no emoluments as director during the year (1995: Nil). However, administrative services are provided by The North British Housing Association Limited and these are recharged to the company.

**7. EMPLOYEES**

The company had no employees during the year (1995: None).

**8. TAXATION**

There is no charge to corporation tax for the year due to the availability of group relief.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 1996****9. TANGIBLE FIXED ASSETS**

	1996 £	Freehold Land and Buildings 1995 £
<b>COST</b>		
At 1 April 1995	2,877,415	3,168,184
Disposals	(2,877,415)	(290,769)
	-----	-----
At 31 March 1996	-	2,877,415
	=====	=====

**10. PROPERTIES UNDER DEVELOPMENT**

The company has sold properties in prior years at less than market value. The retained equity, termed "sleeping equity", has not been reflected in the balance sheet. The surplus which would arise in the event of the disposal of the sleeping equity is currently estimated at £2,683,000 (1995: £2,700,000). Any surplus will be accounted for at its disposal.

**11. DEBTORS**

	1996 £	1995 £
Rent arrears	39,153	64,877
Bad debts provision	(11,813)	(20,392)
Amounts owing from other group bodies	-	26,206
Other debtors	32,087	40,261
Prepayments and accrued income	1,138	5,700
	-----	-----
	60,565	116,652
	=====	=====

**12. CREDITORS - Amounts falling due within one year**

Prepaid rent	16,760	18,801
Amounts owed to parent company	10,430	16,943
Amounts owed to other group bodies	-	3,803
Other creditors	55,092	19,907
	-----	-----
	82,282	59,454
	=====	=====

The debtors and creditors have been reclassified as the director considers that the disclosures shown above are more informative than those required by the Companies Act.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 1996**

13. <b>CREDITORS</b> - Amounts falling due after more than one year	<b>1996</b>	<b>1995</b>
	£	£
The North British Housing Association Limited debenture	-	2,052,079
Bank and Building Society loans	-	1,149,001
	-----	-----
	-	3,201,080
	=====	=====

Loans were secured by legal charges on properties. Under a debenture dated 17 January 1991, The North British Housing Association Limited provided finance to repay a development loan. Interest was charged at 1% above the base rate. Repayment was made following the sale of the assets of Grove Village.

14. **PROVISIONS FOR LIABILITIES AND CHARGES**

Under the terms of leases entered into with individual leaseholders, the Company is required to provide for future repairs and maintenance.

	<b>1996</b>	<b>1995</b>
	£	£
Provision at start of year.	<b>297,004</b>	344,632
Add: Provision in the year	<b>101,009</b>	57,093
Add: Interest added to provision	<b>13,851</b>	12,030
Less: Expenditure from provision	<b>(108,532)</b>	(116,751)
	-----	-----
Provision at end of year.	<b>303,332</b>	297,004
	=====	=====

No amounts have been transferred to or from the provision for any purpose other than that for which the provision was set up.

Prior year figures have been restated to be consistent with Group policy.

	<b>1996</b>	<b>1995</b>
	£	£
15. <b>SHARE CAPITAL</b>		
<b>AUTHORISED, ISSUED AND FULLY PAID</b>		
200,100 Ordinary shares of £1 each	<b>200,100</b>	200,100
	=====	=====

**KINGDOMWIDE DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 1996**

**16. COMMITMENTS**

There were no capital commitments at 31 March 1996 (1995: None).

**17. HOLDING BODY**

Following a transfer of engagements between The United Kingdom Housing Trust (the holding company) and The North British Housing Association Limited (the ultimate parent), the company became a direct subsidiary of The North British Housing Association Limited with effect from 26th September 1995.

The North British Housing Association Limited is registered in the United Kingdom and prepares group financial statements, a copy of which can be obtained from the Company Secretary at the registered office.

**18. CONTINGENT LIABILITIES**

There are no known contingent liabilities at 31 March 1996. (1995: £759,736)

**19. CASH FLOW STATEMENTS**

A cash flow statement has not been prepared as Kingdomwide Developments Limited is a wholly owned subsidiary of The North British Housing Association Limited, which has prepared a consolidated cash flow statement, complying with Financial Reporting Standard 1.