

Company Registration Number 4721044

CONNECT

PROPERTY SERVICES

CONNECT PROPERTY SERVICES LIMITED

**Annual Financial Statements
Year ended 31 March 2013**

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**Connect Property Services Limited
Year Ended 31 March 2013**

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Connect Property Services Limited
Year Ended 31 March 2013

Officers and Professional Advisors

Board of Directors

Chairman R Reynolds

Board Members G Buck
G Goggins
G Lomax
W Minett
H Singh

Company Secretary Peter Jeffery (resigned 28 February 2013)
Vincent Marke (appointed 1 March 2013)

Registered Office 6 Houghton Hall Business Park
Porz Avenue
Houghton Regis
Bedfordshire
LU5 5UZ

Auditors Grant Thornton UK LLP
202 Silbury Boulevard
Milton Keynes
MK9 1LW

Bankers Barclays Bank plc
1 Churchill Place
London
E14 5HP

Our Vice Chair of Aldwyck Housing Group and the Audit and Remuneration Committee, Graham Buck sadly passed away on 13th July 2013. He was an avid supporter of our social purpose and values, his passing is a great loss to Aldwyck and everyone who knew him.

Connect Property Services Limited
Year Ended 31 March 2013
Statement of Directors' Responsibilities

The directors present their report and the audited financial statements of the company for the year ended 31 March 2013

Principal activities

The principal activity of the company during the year was the provision of residential property maintenance services. The majority of the principal activities are delivered to Aldwyck Housing Group and smaller contracts to local government housing divisions.

Performance

Connect Property Services (CPS) has completed its second full financial year under the 100% ownership of the Aldwyck Housing Group. A pre-tax profit for the year of £368k was generated and a gift aid payment of £226k was made to Aldwyck East Ltd. This profit is a result of the continued achievement of the CPS Strategy and Business Plan as set up by the CPS Board and ratified by the Aldwyck Housing Group Limited Board.

There has been continued investment by the parent company, Aldwyck Housing Group Limited, to improve service delivery by using technology and improved procurement to achieve efficiency within the organisation. This investment will help CPS to continue to grow external business whilst delivering high standards of customer service within the group.

Following the CPS Board decision in 2011/2012 to reduce the amount of work subcontracted out to external parties and to provide Aldwyck Housing Group Limited and its subsidiaries with a holistic in-house maintenance and planned works service, a substantial saving has been made for the Group. This saving includes reduced VAT payments by bringing labour in house and procurement savings negotiated with suppliers. This decision has had the additional effect of providing greater control over the quality and provision of works to Aldwyck.

A 5 year business plan has been put into place with the aim of significantly increasing the turnover and profitability of CPS in the coming years. To achieve this CPS has carried out a review of its operational systems, skill sets and staff. This included commercial and business development practices. At the beginning of financial year 2012/2013 the structure has been put in place to meet the growth aspirations of the 5 year business plan. Progress against the business plan will be measured when the business plan is reviewed, by both the CPS and Aldwyck Housing Group Limited Board, in 2013/2014.

Directors

The directors who served the company during the year are listed on page 1. Group insurance policies indemnify board members and officers against liability when acting for the group companies including Connect Property Services Limited.

Going Concern

After making enquiries, the board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis for the financial statements.

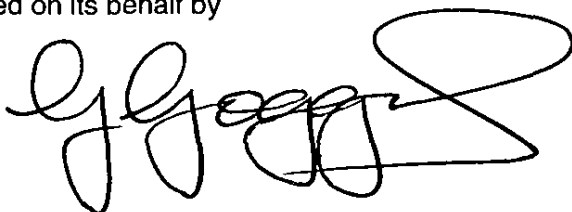
Connect Property Services Limited
Year Ended 31 March 2013
Statement of Directors' Responsibilities

Auditors

The company's articles require annual reappointment of the auditors. Grant Thornton UK LLP has expressed willingness to continue in office. In accordance with s485(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting to be held on 23 July 2013.

Approval

The report of the directors was authorised and approved by the Board on 23 July 2013 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'G Goggins', with a large, stylized flourish at the end.

Gary Goggins
Managing Director

Connect Property Services Limited
Year Ended 31 March 2013
Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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

Connect Property Services Limited
Year Ended 31 March 2013
Report of the Independent Auditors to the Members of Connect Property Services Limited

We have audited the financial statements of Connect Property Services Limited for the year ended 31 March 2013 which comprise the profit and loss account the balance sheet, the accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Boards (APB) website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Connect Property Services Limited
Year Ended 31 March 2013
Report of the Independent Auditors to the Members of Connect Property Services Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



John Corbishley
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

1 August 2013.

Connect Property Services Limited
Year Ended 31 March 2013
Profit and Loss Account

	Note	2013 £	2012 £
TURNOVER		14,105,443	10,368,190
Cost of sales		(10,505,315)	(7,266,014)
GROSS PROFIT		<u>3,600,128</u>	<u>3,102,176</u>
Administrative expenses		(3,124,122)	(2,492,230)
OPERATING PROFIT	2	<u>476,006</u>	<u>609,946</u>
Interest payable and similar charges	3	(107,862)	(191,071)
Gift Aid payment		(225,589)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>142,555</u>	<u>418,875</u>
Tax on profit on ordinary activities	5	(1,865)	1,635
RETAINED PROFIT FOR THE FINANCIAL YEAR	12	<u><u>140,690</u></u>	<u><u>420,510</u></u>

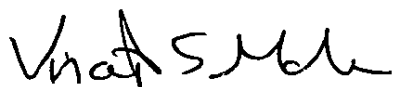
All activities are continuing

The company has no recognised gains and losses other than the profit for the years ended 31 March 2012 and 31 March 2013 and therefore no separate statement of total recognised gains and losses has been presented

Connect Property Services Limited
Year Ended 31 March 2013
Balance Sheet

	Note	2013 £	2012 £
FIXED ASSETS			
Tangible Assets	6	48,403	12,308
CURRENT ASSETS			
Stock	7	1,043,125	861,702
Debtors	8	3,166,779	2,091,006
Cash at Hand		69,051	687
		<u>4,278,955</u>	<u>2,953,395</u>
CREDITORS: Amounts falling due within one year	9	(3,776,216)	(2,555,251)
NET CURRENT ASSETS		<u>502,739</u>	<u>398,144</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>551,142</u>	<u>410,452</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	2,000	2,000
Profit and loss account	12	549,142	408,452
Shareholders' surplus	13	<u>551,142</u>	<u>410,452</u>

These accounts were approved by the directors and authorised for issue on 23 July 2013 and signed on their behalf by



V Marke
 Company Secretary

Connect Property Services Limited

Year Ended 31 March 2013

Notes to the Accounts

1. Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with UK GAAP, including Financial Reporting Standard 1 (FRS 1) (revised), Cash Flow Statements, which stipulates the company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking includes the company in its own published consolidated financial statements

These financial statements have been prepared on a historical cost basis. Connect Property Services (CPS) maintains its books and records in accordance with the statutory accounting and taxation principles and practices applicable in England and Wales. These financial statements were derived from the Company's statutory books and records.

The financial statements were approved and authorised by for issue by the Chairperson of the Board on 23 July 2013.

Subsequent events have been evaluated through 23 July 2013, the date these financial statements were issued.

Going concern

After making enquiries, the board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis for the financial statements.

Cash

Cash represents cash on hand, in the Company's bank accounts and in transit which can be effectively withdrawn at any time without prior notice or penalties.

Cash flow statement

The company is a wholly owned subsidiary of Aldwyck Housing Group Limited and the cash flows of the Company are included in the consolidated Cash Flow Statement of that company. In accordance with the terms of Financial Reporting Statement 1 (revised) the Company is exempt from preparing a Cash Flow Statement.

Turnover

Turnover represents the value of work completed and invoiced during the year, and also estimates of amounts not yet invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion. Revenue is measured at the fair value of the consideration.

Tangible fixed assets

Fixed assets are initially recorded at historical cost as of the acquisition date. The cost of maintenance, repairs and replacement of minor items of property is charged to operating expenses. Renewals and betterment of assets are capitalised.

Connect Property Services Limited
Year Ended 31 March 2013
Notes to the Accounts

Depreciation

Property, plant and equipment are depreciated using the straight line method as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset. The depreciation rates applicable to the Company are stated below.

Plant	-	25% on cost over 4 years
Office equipment	-	25% on cost over 4 years

The Company depreciates its assets using the exact rates of depreciation applied by the holding company, Aldwyck Housing Group Limited.

Value added tax

The company charges value added tax (VAT) on income charged to external clients, but not to companies within the Aldwyck Housing Group Limited, and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the company and not recoverable from HM Revenue and Customs. The balance of VAT payable at the year-end is included as a current liability.

Stock

Stock consists primarily of Work in Progress (WIP) and is accounted for at cost. WIP is related to work done and costs incurred on contracts with customers, which had not been invoiced. Stock is stated at the lower of cost and net book value, after making due allowance for obsolete and slow moving stock.

Pension

Connect provides its employees with a pension scheme administered through Scottish Widows. The company contributes between 2% and 5% of an employee's salary. No liability arises to the Company through the provision of a pension fund as the pension scheme is administered as a money purchase scheme. No guaranteed income or final salary pension plans are provided and the balances available to the employees at the time of retirement are based on market conditions at the time of the withdrawal.

The balance of any contribution payments payable to Scottish Widows at the year end is included as a current liability.

Connect Property Services Limited
Year Ended 31 March 2013
Notes to the Accounts

2. Operating Profit

Operating profit is stated after charging

	2013	2012
	£	£
Depreciation of owned fixed assets	12,674	3,400
Auditor's fees	5,160	10,000
	<u> </u>	<u> </u>

3. Interest Payable

	2013	2012
	£	£
Intercompany Interest charged at 5.6%	107,862	191,071
	<u> </u>	<u> </u>

4. Staff Costs

Staff Costs, including directors' remuneration, were as follows

	2013	2012
	£	£
Wages and Salaries	3,593,815	2,118,520
Social Security Costs	321,312	236,070
Pension	6,815	7,187
	<u> </u>	<u> </u>
	<u>3,921,942</u>	<u>2,361,777</u>

The average monthly number of employees, including directors, during the period was as follows

	2013	2012
Directors (executive and non-executive)	7	7
Surveyors / Operatives	75	44
Administration	44	30
	<u> </u>	<u> </u>
	<u>126</u>	<u>81</u>

Connect Property Services Limited
Year Ended 31 March 2013
Notes to the Accounts

5. Taxation on Ordinary Activities

a) Analysis of tax charge for the period

	2013 £	2012 £
Current tax		
UK Corporation tax on profits for the period	-	(2,674)
Adjustments in respect of previous periods	-	-
Total current tax	<u>-</u>	<u>(2,674)</u>
Deferred tax		
Net origination and reversal of timing differences	1,865	1,039
Tax on profit on ordinary activities	<u>1,865</u>	<u>(1,635)</u>

b) Factors affecting the tax charge for the period

The tax assessed for the period differs to the standard rate of corporation tax in the UK, as explained below

	2013 £	2012 £
Surplus on ordinary activities before tax	368,617	418,875
Theoretical tax at 24%	<u>88,468</u>	<u>108,908</u>
Effects of		
Fixed asset differences	2,204	-
Expenditure not deductible for tax purposes	-	159
Income not taxable for tax purposes	(71)	-
Adjustments to brought forward values	(54,141)	-
Difference between depreciation and capital allowances	(1,761)	(2,279)
Other short term timing differences	-	333
Adjustments for prior years	-	(2,674)
Group relief claimed	(34,699)	(107,120)
	<u>-</u>	<u>(2,674)</u>

c) Factors affecting the tax charge for the period

There are no material factors that may affect future tax charges

Connect Property Services Limited
Year Ended 31 March 2013
Notes to the Accounts

6. Tangible Fixed Assets

	Plant £	Office Equipment £	Total £
Cost			
At 1 April 2012	15,690	759	16,449
Additions	46,207	2,591	48,798
At 31 March 2013	<u>61,897</u>	<u>3,350</u>	<u>65,247</u>
Depreciation			
At 1 April 2012	4,078	63	4,141
Charge for the year	12,190	514	12,704
At 31 March 2013	<u>16,268</u>	<u>577</u>	<u>16,845</u>
Net Book Value			
At 31 March 2013	<u>45,629</u>	<u>2,773</u>	<u>48,403</u>
At 31 March 2012	<u>11,612</u>	<u>696</u>	<u>12,308</u>

7. Stock

	2013 £	2012 £
Van Stock	57,151	54,657
Work In Progress	985,974	807,045
	<u>1,043,125</u>	<u>861,702</u>

8. Debtors

	2013 £	2012 £
Trade debtors	147,683	-
Amounts owed from group undertakings	1,086,556	646,405
Other debtors	896,471	426,599
Deferred tax (note 10)	2,401	4,266
Corporation Tax	-	2,674
Accrued Income	997,669	989,467
Prepayments	35,999	21,595
	<u>3,166,779</u>	<u>2,091,006</u>

Connect Property Services Limited
Year Ended 31 March 2013
Notes to the Accounts

9 Creditors. Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	443,636	226,904
Amounts owed to group undertakings	2,120,268	1,239,160
Taxation and social security	108,389	67,057
Accruals and deferred income	965,955	942,377
Sundry Creditors	137,968	79,753
	<u>3,776,216</u>	<u>2,555,251</u>

10. Deferred Tax

	2013	2012
	£	£
Accelerated capital allowances	(2,106)	(3,959)
Other timing differences	(295)	(307)
	<u>(2,401)</u>	<u>(4,266)</u>
As at 1 April 2012	(4,266)	(5,305)
Deferred tax charge for the period	1,865	1,039
As at 31 March 2013	<u>(2,401)</u>	<u>(4,266)</u>

11. Share Capital

Authorised share capital:

	2013	2012
	£	£
2000 'A' Ordinary shares of £1 each	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

Allotted, called up and fully paid

	2013		2012	
	£	No.	£	No.
'A' Ordinary shares of £1 each	2,000	2,000	2,000	2,000
	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

Connect Property Services Limited
Year Ended 31 March 2013
Notes to the Accounts

Dividends

The directors do not propose a dividend to be paid out in relation to these accounts

12. Profit & Loss Account

	2013	2012
	£	£
At 1 April	408,452	(12,058)
Profit for year	140,690	420,510
At 31 March	<u>549,142</u>	<u>408,452</u>

13 Shareholders' surplus/(deficit)

	2013	2012
	£	£
At 1 April	410,452	(10,058)
Profit for the year	140,690	420,510
At 31 March	<u>551,142</u>	<u>410,452</u>

14. Related Party Transactions

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with other wholly owned subsidiaries of Aldwyck Housing Group Limited

15 Parent Company

Connect Property Services Limited is a 100% owned subsidiary of Aldwyck Housing Group Limited, a company registered in England and Wales

Copies of the consolidated financial statements of the holding company may be obtained from its registered address, 6, Houghton Hall Business Park, Porz Avenue, Houghton Regis, Bedfordshire LU5 5UZ

Connect Property Services Limited
Year Ended 31 March 2013
Notes to the Detailed Profit and Loss Account

The following pages do not form part of the statutory accounts which are the subjects of the independent auditor's report on page 5-6.

ADMINISTRATIVE EXPENSES

	2013		2012	
	£	£	£	£
Personnel costs				
Wages and salaries	1,288,411		950,031	
Temporary staff	164,161		251,138	
Recruitment	63,779		7,922	
Training	52,778		21,682	
		1,569,129		1,230,773
Establishment expenses				
Insurance	71,551		55,640	
Utilities	973		6,073	
		72,524		61,713
General expenses				
Motor expenses	788,606		574,059	
Telephone/mobiles/PDA	28,068		17,347	
Printing, stationery and postage	18,915		5,222	
Skips / waste disposal	63,627		36,031	
Management charge	441,886		378,144	
Cleaning	440		-	
Legal and professional fees	13,028		5,076	
Auditors remuneration	5,160		10,000	
Bank charges	862		1,038	
Clothing	15,821		9,292	
Staff functions	1,106		159	
Subscriptions	12,760		120	
Sundry	31,905		32,320	
Health & safety	3,352		1,114	
Taxation	-		84	
Mobilisation costs	21,641		126,338	
Depreciation	12,704		3,400	
Compensation	3,842		-	
Storage costs	10,785		-	
Travel costs	7,961		-	
		1,482,469		1,199,744
		<u>3,124,122</u>		<u>2,492,230</u>

The management charge includes an apportionment of group overheads covering premises costs and computer expenses delivered through the corporate centre