

Company Registration Number 4721044

# CONNECT

## PROPERTY SERVICES

### CONNECT PROPERTY SERVICES LIMITED

#### Annual Financial Statements Year ended 31 March 2014

WEDNESDAY



\*A40IQI3U\*

A34	04/02/2015	#30
	COMPANIES HOUSE	
A12	30/12/2014	#60
	COMPANIES HOUSE	

**Connect Property Services Limited**  
**Year Ended 31 March 2014**  
**Independent Auditors Report to the Members of Connect Property Services Limited**

**INDEX**

<b>Contents</b>	<b>Page</b>
Officers and Professional Advisors	1
Strategic Report	2
The Directors' Report	3 - 4
Statement of Directors' Responsibilities	5
Report of the Independent auditors to the members of Connect Property Services Limited	6 - 7
Profit and Loss Account	8
Balance Sheet	9
Notes to the Accounts	10 - 17
 <b>The following pages do not form part of the accounts:</b>	
Notes to the Detailed Profit and Loss Account	18

**Connect Property Services Limited**  
**Year Ended 31 March 2014**  
**Independent Auditors Report to the Members of Connect Property Services Limited**

**Board of Directors**

**Chairman** R Reynolds

**Board Members** G Goggins  
G Lomax  
V Marke (appointed 24 April 2014, resigned 19 August 2014)  
W Minett  
R Poulton  
H Singh

**Company Secretary** Stephen Rosser (Appointed 31<sup>st</sup> March 2014)  
Vincent Marke (resigned 31<sup>st</sup> March 2014)

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

**Auditors** Grant Thornton UK LLP  
101 Cambridge Science Park  
Milton Road  
Cambridge  
CB4 0FY

**Bankers** Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

**Connect Property Services Limited**  
**Year Ended 31 March 2014**  
**Independent Auditors Report to the Members of Connect Property Services Limited**

**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 Limited (CPS) has completed its third full financial year under the 100% ownership of the Aldwyck Housing Group Limited (AHG). A pre-tax profit for the year of £632k was generated and a gift aid payment of £525k was made to Aldwyck East Housing Association Limited. 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 AHG Board.

There has been continued investment by the parent company, AHG, to improve service delivery by using technology and improved procurement to achieve efficiency within the organisation.

Following the AHG Board meeting in November 2013 the decision was made to no longer pursue external growth outside of the parent company, AHG, and instead refocus CPS on delivering services to its Group customers.

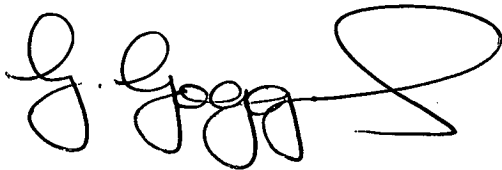
CPS remains a cost and service delivery focused organisation, driving down the cost of sales and focusing on continual improvements with regard to production outputs whilst maintaining high service standards.

CPS commitment to the reduction in the amount of work subcontracted out to third parties remains strong and is being achieved by the targeting those services provided to AHG and its subsidiaries which have a longevity of programme and that can be delivered with the use of in-house maintenance and planned works personnel. This decision has had the additional effect of providing greater control over the quality and provision of works to the Aldwyck Housing Group.

**Principle Risks**

CPS is focused on delivering services internally within the Group, therefore one of the principle risks to CPS is with regard to the longevity of workload and service mix, which is wholly now dependant on the Group's Asset Management Strategy regarding stock investment and maintenance programmes.

Following the recent upturn in the construction sector CPS also faces potential risks which may affect its cost base, with regard to potential increases in cost from labour, materials, and sub-contractors.



Gary Goggins  
Managing Director

**Connect Property Services Limited**  
**Year Ended 31 March 2014**  
**Independent Auditors Report to the Members of Connect Property Services Limited**

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

**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.

**Connect Property Services Limited**  
**Year Ended 31 March 2014**  
**Independent Auditors Report to the Members of Connect Property Services Limited**

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.

**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 3 September 2014.

**Approval**

The report of the directors was authorised and approved by the Board on 3 September 2014 and signed on its behalf by:



Gary Goggins  
Managing Director



**Connect Property Services Limited**  
**Year Ended 31 March 2014**  
**Independent Auditors Report 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 2014 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK GAAP.

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 AUDITORS**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 Financial Reporting Councils website at [www.frc.org.uk/apb/scope/private.cfm](http://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 2014 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 Strategic Report and 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 2014**  
**Independent Auditors Report 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.



Paul Naylor  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Cambridge

Date 9 October 2014



**Connect Property Services Limited**  
**Year Ended 31 March 2014**  
**Profit and Loss Account**

	Note	2014 £	2013 £
<b>TURNOVER</b>		12,381,603	14,105,443
Cost of sales		(8,847,142)	(10,505,315)
<b>GROSS PROFIT</b>		<u>3,534,461</u>	<u>3,600,128</u>
Administrative expenses		(2,828,571)	(3,124,122)
Gift Aid payment		(525,000)	(225,589)
<b>OPERATING PROFIT</b>	2	<u>180,890</u>	<u>250,417</u>
Interest payable and similar charges	3	(74,082)	(107,862)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>106,808</u>	<u>142,555</u>
Tax on profit on ordinary activities	5	(25,401)	(1,865)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	12	<u><u>81,407</u></u>	<u><u>140,690</u></u>

All activities are continuing.

The company has no recognised gains and losses other than the profit for the years ended 31 March 2013 and 31 March 2014 and therefore no separate statement of total recognised gains and losses has been presented.

**Connect Property Services Limited**  
**Year Ended 31 March 2014**  
**Balance Sheet**

	Note	2014 £	2013 £
<b>FIXED ASSETS</b>			
✓ Tangible Assets	6	39,561	48,403
<b>CURRENT ASSETS</b>			
✓ Stock	7	443,200	1,043,125
✓ Debtors	8	3,331,669	3,166,779
✓ Cash at Hand		99,893	69,051
		<hr/>	<hr/>
		3,874,762	4,278,955
✓ <b>CREDITORS: Amounts falling due within one year</b>	9	(3,281,774)	(3,776,216)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		592,988	502,739
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		632,549	551,142
		<hr/> <hr/>	<hr/> <hr/>
<b>CAPITAL AND RESERVES</b>			
✓ Called-up equity share capital	11	2,000	2,000
✓ Profit and loss account	12	630,549	549,142
		<hr/>	<hr/>
Shareholders' surplus	13	632,549	551,142
		<hr/> <hr/>	<hr/> <hr/>

These accounts were approved by the directors and authorised for issue on 3 September 2014 and signed on their behalf by:



S Rosser  
 Company Secretary



GARY GOGGINS

**Connect Property Services Limited**  
**Year Ended 31 March 2014**  
**Notes to the Accounts**

**1. Accounting Policies**

**Basis of preparation**

These financial statements have been prepared in accordance with UK GAAP.

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.

**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 2014**  
**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 Customs and Excise. 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 2014**  
**Notes to the Accounts**

**2. Operating Profit**

Operating profit is stated after charging:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Depreciation of owned fixed assets	16,311	12,674
Auditor's fees	-	5,160
	<u>16,311</u>	<u>17,834</u>

Current years Auditor's fees were borne by the parent company.

**3. Interest Payable**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Intercompany interest charged at 5.6%	74,082	107,862
	<u>74,082</u>	<u>107,862</u>

**4. Staff Costs**

Staff Costs, including directors' remuneration, were as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Wages and Salaries	3,734,995	3,593,815
Social Security Costs	305,751	321,312
Pension	9,606	6,815
	<u>4,050,352</u>	<u>3,921,942</u>

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

	<b>2014</b>	<b>2013</b>
Directors (executive and non-executive)	6	5
Surveyors / Operatives	78	75
Administration	46	44
	<u>130</u>	<u>124</u>

**Connect Property Services Limited**  
**Year Ended 31 March 2014**  
**Notes to the Accounts**

**5. Taxation on Ordinary Activities**

**a) Analysis of tax charge for the period**

	2014 £	2013 £
Current tax:		
UK Corporation tax at 23% (PY 24%)	-	-
Adjustments in respect of previous periods	-	-
Group relief/(receivable)	27,365	-
	<u>27,365</u>	<u>-</u>
Total current tax	27,365	-
Deferred tax:		
Net origination and reversal of timing differences	(2,272)	1,865
Adjustments in respect of prior periods	(6)	-
Effect of tax rate change on opening balance	314	-
	<u>(1,964)</u>	<u>1,865</u>
Tax on profit on ordinary activities	<u>25,401</u>	<u>1,865</u>

**b) Factors affecting the tax charge for the period**

The tax charge for the year differed from the charge associated with the standard rate of corporation tax in the UK (23%). The difference is explained below:

	2014 £	2013 £
Surplus on ordinary activities before tax	106,808	368,617
	<u>106,808</u>	<u>368,617</u>
Theoretical tax at 23% (PY 24%)	24,566	88,468
Effects of:		
Fixed asset differences	-	2,204
Expenditure not deductible for tax purposes	187	-
Income not taxable for tax purposes	-	(71)
Adjustments to brought forward values	-	(54,141)
Difference between depreciation and capital allowances	2,562	(1,761)
Other short term timing differences	50	-
Group relief claimed	(27,365)	(34,699)
Payment for group relief	27,365	-
	<u>27,365</u>	<u>-</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 2014**  
**Notes to the Accounts**

**6. Tangible Fixed Assets**

	Plant £	Office Equipment £	Total £
<b>Cost</b>			
At 1 April 2013	61,897	3,350	65,247 ✓
Additions	7,470	-	7,470 ✓
<b>At 31 March 2014</b>	<u>69,367</u>	<u>3,350</u>	<u>72,717</u>
<b>Depreciation</b>			
At 1 April 2013	16,268	577	16,844 ✓
Charge for the year	15,473	838	16,311 ✓
<b>At 31 March 2014</b>	<u>31,741</u>	<u>1,415</u>	<u>33,156</u>
<b>Net Book Value</b>			
<b>At 31 March 2014</b>	<u>37,626</u>	<u>1,935</u>	<u>39,561</u>
<b>At 31 March 2013</b>	<u>45,629</u>	<u>2,773</u>	<u>48,403 ✓</u>

**7. Stock**

	2014 £	2013 £
Van Stock	57,151	57,151
Work In Progress	386,049	985,974
	<u>443,200</u>	<u>1,043,125</u>

**8. Debtors**

	2014 £	2013 £
Trade debtors	202,133	147,683
Amounts owed from group undertakings	844,498	1,086,556
Other debtors	-	896,471
Deferred tax (note 10)	4,365	2,401
Accrued Income	2,254,998	997,669
Prepayments	25,675	35,999
	<u>3,331,669</u>	<u>3,166,779</u>

**Connect Property Services Limited**  
**Year Ended 31 March 2014**  
**Notes to the Accounts**

**9. Creditors: Amounts falling due within one year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade creditors	555,885	443,636
Amounts owed to group undertakings	1,325,624	2,120,268
Taxation and social security	103,141	108,389
Corporation tax	27,453	-
Accruals and deferred income	1,147,343	965,955
Sundry Creditors	46,665	137,968
VAT	75,663	-
	<u>3,281,774</u>	<u>3,776,216</u>

**10. Deferred Tax**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	(4,066)	(2,106)
Other timing differences	(299)	(295)
	<u>(4,365)</u>	<u>(2,401)</u>
As at 1 April 2013	(2,401)	(4,266)
Deferred tax charge for the period	(1,964)	1,865
As at 31 March 2014	<u>(4,365)</u>	<u>(2,401)</u>

**11. Share Capital**

**Allotted, called up and fully paid:**

	<b>2014</b>		<b>2013</b>	
	<b>£</b>	<b>No.</b>	<b>£</b>	<b>No.</b>
'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>

**Dividends**

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



**Connect Property Services Limited**  
**Year Ended 31 March 2014**  
**Notes to the Accounts**

**12. Profit & Loss Account**

	2014 £	2013 £
At 1 April	549,142	408,452
Profit for year	81,407	140,690
At 31 March	<u>630,549</u>	<u>549,142</u>

**13. Shareholders' surplus/(deficit)**

	2014 £	2013 £
At 1 April	551,142	410,452
Profit for the year	81,407	140,690
At 31 December	<u>632,549</u>	<u>551,142</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

**16. Operating Leases**

As at 31 March, Connects total liability under the 3 operating leases amounts to:-

	2014 £	2013 £
Expiring within 1 year	-	-
Expiring within 5 years	500,309	494,125
Expiring after more than 5 years	-	-
	<u>500,309</u>	<u>494,125</u>

**Connect Property Services Limited**  
**Year Ended 31 March 2014**  
**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**

	2014		2013	
	£	£	£	£
<b>Personnel costs</b>				
Wages and salaries	1,410,106		1,288,411	
Temporary staff	79,203		164,161	
Recruitment	5,940		63,779	
Training	55,887		52,778	
		1,551,136		1,569,129
<b>Establishment expenses</b>				
Insurance	82,004		71,551	
Utilities	-		973	
		82,004		72,524
<b>General expenses</b>				
Motor expenses	835,615		788,606	
Telephone/mobiles/PDA	18,982		28,068	
Printing, stationery and postage	6,933		18,915	
Skips / waste disposal	80,832		63,627	
Management charge	115,000		441,886	
Cleaning	-		440	
Legal and professional fees	-		13,028	
Auditors remuneration	-		5,160	
Bank charges	452		862	
Clothing	13,524		15,821	
Staff functions	-		1,106	
Subscriptions	21,459		12,760	
Sundry	11,068		31,905	
Health & safety	7,250		3,352	
Mobilisation costs	-		21,641	
Depreciation	16,311		12,704	
Compensation	5,372		3,842	
Storage costs	18,411		10,785	
Travel costs	13,688		7,961	
Business Development	23,670		-	
Accreditation	4,576		-	
Equipment Calibration	2,288		-	
		1,195,431		1,482,469
		<u>2,828,571</u>		<u>3,124,122</u>