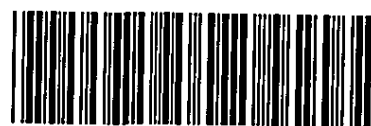


# **AFFINITY SUTTON LABOUR AGENCY LIMITED**

## **Report of the Board and Financial Statements for the 16 month period ended 31 March 2013**

COMPANIES HOUSE NO 07885319

THURSDAY



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COMPANIES HOUSE

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**BOARD AND ADVISERS**

**Board**

|                  |                                     |
|------------------|-------------------------------------|
| Jonathan Cawthra | (Chair, appointed 16 December 2011) |
| Janice Murray    | (appointed 16 December 2011)        |
| Neil McCall      | (appointed 16 December 2011)        |

**Company Secretary**

|              |                              |
|--------------|------------------------------|
| Clare Miller | (appointed 16 December 2011) |
|--------------|------------------------------|

**Registered Office**

Level 6  
6 More London Place  
London  
SE1 2DA

**Principal Solicitors**

Trowers & Hamlin LLP  
Sceptre Court  
40 Tower Hill  
London  
EC3N 4DX

**Auditors**

KPMG LLP  
1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT

**Bankers**

NatWest Bank plc  
143 High Street  
Bromley  
Kent  
BR1 1JH

## **REPORT OF THE BOARD**

Affinity Sutton Labour Agency Limited ("ASLA"), registered company no 07885319, presents its report and audited financial statements for the 16 month period ended 31 March 2013. The company was incorporated on 16 December 2011 and accordingly these financial statements are for its first period to 31 March 2013.

### **Principal Activities**

ASLA provides maintenance and repairs services to its parent company, Affinity Sutton Homes Limited ("Affinity Sutton Homes"), with whom it has a 20-year partnering agreement for its portfolio of stock in the London and South East.

ASLA commenced operations on 28 June 2012, providing repair services to over 20,000 properties. At 31 March 2013, the company employed 154 staff of whom 130 were transferred under TUPE from the previous contractors at the beginning of service delivery.

The day-to-day operational management in the year has been outsourced to Willmott Dixon. The chosen operational model ensures that ASLA combines commercial competitiveness with the security of having its workforce on its own books, thus assuring a stable service delivery to Affinity Sutton Homes in an otherwise volatile marketplace. The term of the outsourcing contract has been shortened by mutual agreement and will expire in June 2013. Arrangements are in place to ensure stable interim management while the required tendering process is conducted.

### **The Year Under Review**

#### **Financial Performance**

The company made a profit before taxation and Gift Aid of £70,000 in the period and made a donation of £70,000 to Affinity Sutton Homes under the Gift Aid arrangements of HMRC. This was based on a turnover of £3,561,000.

Affinity Sutton Homes provides a loan facility of £3,000,000 of which £700,000 is drawn as at 31 March 2013.

#### **Dividends**

No dividend was paid during the period and none is proposed.

### **Statement Of Board's Responsibilities In Respect Of The Board's Report And The Financial Statements**

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Board to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Board is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,

## **REPORT OF THE BOARD (CONTINUED)**

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Board is 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. It has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each Board member has taken all the steps that he or she ought to have taken as a Board member to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **The Company's System of Internal Control**

#### **Responsibility**

The Board is responsible for ensuring that there are sound systems of internal control across ASLA which focus on the significant risks that threaten the company's ability to meet its objectives and provide reasonable assurance for the safeguarding of assets.

The key means of identifying, evaluating and managing the systems of internal control are

- the existence of suitable governance arrangements,
- adherence to Group-wide financial regulations and delegated authorities,
- key accounting policies and other procedures,
- management structures that ensure adequate separation of key duties and responsibilities,
- formal risk management arrangements which involve the assessment of all major business risks and action plans to mitigate the worst effects of those risks,
- a Group-level Health and Safety function,
- a Group-wide Internal Audit function structured to deliver the Group Audit Committee's three-year, risk-based audit plan, quality assurance and risk assessment. As well as having its own internal audit team, the Group uses the services of external firms of professional auditors and other specialists as appropriate. All audit reports are reviewed by the Group Audit Committee, which also receives updates on the implementation of agreed external and internal audit recommendations,
- business planning, budgeting and budgetary control arrangements, and
- a Group-wide policy and procedure for dealing with suspected fraud and whistleblowing

## **REPORT OF THE BOARD (CONTINUED)**

The Group Chief Executive and other senior managers have reviewed the internal controls and assurance arrangements by reference to checks and reports on the above and have reported to the Board that they are satisfied with the effectiveness of the control systems. The Group Audit Committee and the Board have also expressed their satisfaction with arrangements.

### **Status**

No weaknesses were found in internal controls which would result in material losses, contingencies or uncertainties, or which require disclosure in the financial statements.

### **Going Concern**

After reviewing ASLA's strategic business planning and control procedures, the Board has a reasonable expectation that ASLA has adequate resources to continue operating for the foreseeable future.

### **Directors**

The Directors holding office during the year and at the date of this report are listed on page 3.

### **Directors' and officers' liability**

Directors' and officers' liability insurance has been purchased by the company during the year.

### **Political and Charitable Contributions**

Apart from any Gift Aid payments to its charitable parent, the company made no charitable contributions during the period.

### **Auditors**

KPMG LLP were appointed as the first auditors to the company during the period. A resolution to reappoint them as auditors will be proposed at the forthcoming Annual General Meeting.



Jonathan Cawthra  
Chair  
10 July 2013

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFFINITY SUTTON LABOUR AGENCY LIMITED**

We have audited the financial statements of Affinity Sutton Labour Agency Limited for the 16 month period ended 31 March 2013 set out on pages 8 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 pages 4 and 5, 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 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 Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 result for the 16 month period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

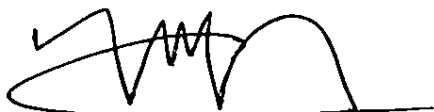
### **Opinion on other matter prescribed by the Companies Act 2006**

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.

### **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.



**Harry Mears (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

1 Forest Gate, Brighton Road, Crawley, West Sussex, RH11 9PT

15 July 2013

**Profit and Loss Account for the 16 month period ended 31 March 2013**

|  | Notes | 2013<br>£'000  |
|--|-------|----------------|
| <b>Turnover</b>  | 2     | <b>3,561</b>   |
| Cost of sales  |       | <b>(3,144)</b> |
| <b>Gross profit</b>  |       | <b>417</b>     |
| Administration expenses                                      |       | <b>(338)</b>   |
| <b>Operating profit</b>                                      |       | <b>79</b>      |
| Interest payable and similar charges                         | 5     | <b>(9)</b>     |
| <b>Profit on ordinary activities before tax and Gift Aid</b> |       | <b>70</b>      |
| Payment under Gift Aid to parent Association                 |       | <b>(70)</b>    |
| <b>Profit on ordinary activities before taxation</b>         | 6     | <b>-</b>       |
| Tax on profit on ordinary activities                         | 7     | <b>-</b>       |
| <b>Profit on ordinary activities after taxation</b>          | 12    | <b>-</b>       |

All operations, which commenced at the start of the period, are continuing

There were no other recognised gains and losses, other than those in the Profit and Loss Account, in the period



**Balance Sheet as at 31 March 2013**

|   | Notes | 2013<br>£'000 |
|---|-------|---------------|
| <b>Current assets</b>   |       |               |
| Debtors   | 8     | 472           |
| Cash at bank and in hand                                      |       | 420           |
|   |       | <u>892</u>    |
| Creditors amounts falling due within one year                 | 9     | (192)         |
| <b>Net current assets</b>                                     |       | <u>700</u>    |
| <b>Creditors</b> amounts falling due after more than one year | 10    | (700)         |
| <b>Net assets</b>   |       | <u>-</u>      |
| <b>Capital and reserves</b>                                   |       |               |
| Share capital   | 11    | -             |
| Profit and loss account                                       | 12    | -             |
| <b>Equity shareholder's funds</b>                             |       | <u>-</u>      |

The financial statements were approved by the Board and were signed on their behalf by



Jonathan Cawthra  
Chair

10 July 2013

**Reconciliation of Movements on Shareholder's Funds for the 16 month period ended 31 March 2013**

|                                 | 2013<br>£'000 |
|---------------------------------|---------------|
| At the beginning of the period  | -             |
| Profit for the period           | -             |
| <b>At the end of the period</b> | <u>-</u>      |

**Notes to the Financial Statements for the year ended 31 March 2013**

**1. Accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Under FRS1 'Cash Flow Statements' the company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking, Affinity Sutton Group Limited, includes the company in its own published consolidated financial statements

**Basis of preparation**

The financial statements are prepared on the historical cost basis of accounting

**Going concern**

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. Therefore the company's directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements

**Turnover**

Turnover represents income from maintenance of properties for other Group entities, and is recognised on a cost-plus basis as per the contract

**Taxation**

The company is liable to corporation tax, and the charge is based on the profit for the year taking into account differences between certain items for taxation and accounting purposes. However the majority of taxable profits are paid over to its immediate parent, Affinity Sutton Homes Limited, under the Gift Aid scheme

**Deferred tax**

Full provision is made for timing differences which have arisen at the balance sheet date where material. Amounts recognised in respect of deferred tax are discounted

**Value Added Tax**

The company's VAT affairs are dealt with under a Group registration in the name of Affinity Sutton Group Limited

**Notes to the Financial Statements for the year ended 31 March 2013 (continued)**

**1. Accounting policies (continued)**

**Pension costs**

The company participates in a defined contribution pension scheme

The assets of the scheme are held separately from those of the company. Contributions to the pension scheme are calculated as a percentage of pensionable salaries of the employees. The cost of providing pensions is charged to the Profit and Loss Account over the periods during which the company benefits from the employees' services.

**2 Turnover**

All of the company's turnover is derived from the UK.

**3 Directors' emoluments**

The company's directors are employed by Affinity Sutton Group Limited, the ultimate parent company. Any employment costs are retained by that company and disclosed as appropriate.

The directors of ASLA do not receive remuneration for their duties as directors of the company. However, all of the directors of ASLA also serve as directors of other parts of the Affinity Sutton Group or sit on Affinity Sutton Group board committees, where they do receive remuneration to reflect the overall oversight role that they play for the Affinity Sutton Group.

**4 Employee information**

The average monthly number of FTEs, including executive directors, employed during the period, from 1 July 2012 when the company began to trade, was

|                   | <b>16 months ended<br/>31 March<br/>2013<br/>Number</b> |
|-------------------|---|
| Trade operatives  | <b>109</b>  |
| Supervisory       | <b>13</b>   |
| Administration    | <b>15</b>   |
| Call centre       | <b>10</b>   |
| Customer Services | <b>3</b>  |
|                   | <b>150</b>  |

|                       | <b>16 months ended<br/>31 March<br/>2013<br/>£'000</b> |
|-----------------------|--|
| <b>Staff Costs</b>    |  |
| Wages and salaries    | <b>3,045</b>   |
| Social security costs | <b>295</b>   |
| Pension costs         | <b>11</b>  |
|                       | <b>3,351</b>   |

**Notes to the Financial Statements for the year ended 31 March 2013 (continued)**

**5 Interest payable and similar charges**

|                               | 16 months ended<br>31 March<br>2013<br>£'000 |
|-------------------------------|--|
| Interest on intercompany loan | <u>9</u>                                     |

**6 Profit on ordinary activities before taxation**

|                                      | 16 months ended<br>31 March<br>2013<br>£'000 |
|--------------------------------------|--|
| Auditor remuneration (excluding VAT) |  |
| in capacity as auditor               | 3  |
| other services                       | -  |
|                                      | <u>3</u>                                     |

Amounts receivable by the company's auditor and its associates in respect of non-audit services, where procured on a Group-wide basis, are not included above. Instead the information is disclosed on a consolidated basis in the Group financial statements.

**Notes to the Financial Statements for the year ended 31 March 2013 (continued)**

**7. Taxation**

|  | <b>16 months ended<br/>31 March<br/>2013<br/>£'000</b> |
|--|--|
| <b>Analysis of charge in period</b>                |  |
| <b>Tax charge on profit on ordinary activities</b> | <b>-</b>   |

Factors affecting the tax charge for the period

The company pays over the majority of its taxable profit to its immediate parent undertaking, Affinity Sutton Homes Limited, under the Gift Aid scheme. This arrangement is likely to remain in place for the foreseeable future.

The current tax charge for the period is equal to 20%, the small profits rate of corporation tax in the UK.

|  | <b>2013<br/>£'000</b> |
|--|-----------------------|
| <b>Current tax reconciliation</b>        |                       |
| Profit on ordinary activities before tax | -                     |
| <b>Current tax at 20% (2012: 26%)</b>    | <b>-</b>              |

Factors that may affect future tax charges

The main rate of UK corporation tax (effective from 1 April 2013) that was substantively enacted at the balance sheet date was 23%. In the March 2013 Budget, the UK government announced that the main rate will reduce to 20% over the following two years, and this will reduce the company's future current tax charge accordingly. There are no other factors that may significantly affect future tax charges.

**8. Debtors**

|  | <b>2013<br/>£'000</b> |
|--|-----------------------|
| <b>Amounts falling due within one year</b> |                       |
| Amounts due from Group undertakings        | 455                   |
| Other debtors and prepayments              | 17                    |
|  | <b>472</b>            |

**Notes to the Financial Statements for the year ended 31 March 2013 (continued)**

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

|                                   | 2013<br>£'000 |
|-----------------------------------|---------------|
| Amounts due to Group undertakings | 100           |
| Accruals and deferred income      | 91            |
| Other creditors                   | 1             |
|                                   | <u>192</u>    |

**10. Creditors amounts falling due after more than one year**

|   | 2013<br>£'000 |
|---|---------------|
| Amounts due to Group undertakings                             | <u>700</u>    |
| Loans are repayable, otherwise than by instalments as follows | 2013<br>£'000 |
| Between one and two years                                     | <u>700</u>    |

The company has a £3 million facility with Affinity Sutton Homes Limited, its immediate parent. Loans are repayable on demand - however, at the balance sheet date the company received an undertaking from its parent that the loan would not be recalled for at least one year after the balance sheet date. Interest is charged at LIBOR plus 2%.

Loans are secured by a floating charge over all of the company's assets.

**11. Called up share capital**

|   | 2013<br>£ |
|---|-----------|
| <b>Allotted, called up and fully paid</b> |           |
| Ordinary shares of £1 each                | <u>1</u>  |

When the company was incorporated on 16 December 2011, one £1 ordinary share was issued at par and settled in cash.

**12. Reserves**

|                         | Profit<br>and loss<br>account<br>£'000 |
|-------------------------|--|
| At incorporation        | -                                      |
| Profit for the period   | -                                      |
| <b>At 31 March 2013</b> | <u>-</u>                               |

**Notes to the Financial Statements for the year ended 31 March 2013 (continued)**

**13 Capital commitments**

The company had no capital commitments at period end

**14 Pensions**

The company participates in a defined contribution scheme with Friends Provident

**Friends Provident**

This scheme is administered by Friends Provident and is a defined contribution scheme. The employer contribution rate payable by the company per annum is dependent on the contribution by the employee as follows

| <b>Employee Contributes</b> | <b>Employer Contributes</b> |
|-----------------------------|-----------------------------|
| Up to 5%                    | Up to 5%                    |
| More than 5%                | 5%                          |

**15. Related Party Disclosures**

The company has taken advantage of the exemption in FRS8 'Related Party Disclosures' not to disclose transactions with other wholly owned members of the Affinity Sutton Group

All directors are required to declare their interests at Board meetings and are not able to vote on matters in which they have a direct interest

**16. Immediate and ultimate parent undertaking**

The company is a subsidiary undertaking of Affinity Sutton Homes Limited which is incorporated in England and Wales as an Industrial and Provident Society

The company's ultimate parent undertaking is Affinity Sutton Group Limited, an Association incorporated in Great Britain and regulated in England and Wales. Group accounts have been prepared by the ultimate parent undertaking and are available from the registered address as detailed on page 3