

**AFFINITY SUTTON REPAIRS LIMITED**

**Annual Report  
and  
Financial Statements  
for the year ended 31 March 2015**

THURSDAY



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COMPANIES HOUSE

COMPANIES HOUSE NO. 07885319

**CONTENTS**

	<b>Page No.</b>
Board and Advisers	3
Report of the Board	4-6
Statement of Board's Responsibilities In Respect of the Report of the Board and the Financial Statements	7
Independent Auditor's Report to the Members of Affinity Sutton Repairs Limited	8
Profit and Loss Account	9
Balance Sheet	10
Reconciliation of Movements on Shareholder's Funds	10
Notes on the Financial Statements	11-16

**BOARD AND ADVISERS**

**Board**

Michelle Reynolds	(appointed 25 February 2015, Chair from 29 April 2015)
Sue Cooper	(Managing Director, appointed 2 April 2015)
Victoria Bonner	(appointed 25 February 2015)
Janice Murray	
Jonathan Cawthra	(resigned 28 April 2015, Chair until 28 April 2015)
Neil McCall	(resigned 28 April 2015)

**Company Secretary**

Clare Miller

**Registered Office**

Level 6  
6 More London Place  
London  
SE1 2DA

**Principal Solicitors**

Trowers & Hamblins LLP  
3 Bunhill Row  
London  
EC1Y 8YZ

**Auditors**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

**Bankers**

NatWest Bank plc  
143 High Street  
Bromley  
Kent  
BR1 1JH

## **REPORT OF THE BOARD**

Affinity Sutton Repairs Limited ("ASR"), registered company no. 07885319, presents its annual report and audited financial statements for the year ended 31 March 2015.

ASR was previously known as Affinity Sutton Labour Agency Limited; it changed its name on 11 March 2015.

### **Principal Activities**

The principal activity of the company is to provide maintenance and repairs services to the social housing sector. It is a wholly-owned subsidiary of Affinity Sutton Homes Limited ("Affinity Sutton Homes"), with whom it has a 10-year partnering agreement to provide a repairs service to a significant proportion of its housing stock. During the year this covered over 22,000 properties in the London and South East. From 1 May 2015 this reduced to just under 17,000 due to a rationalisation of the stock distribution between ASR and its sister company, Community Building Services (CBS) Limited.

The day-to-day operational management in the year had been outsourced to Osborne but it has been decided not to renew the outsourcing agreement for the coming year, bringing back in-house the operational management with effect from 1 May 2015. The change to the operational model mirrors a general trend in the sector of bringing the maintenance and repair services closer to the parent companies thereby responding to recent and continuing issues the more traditional delivery model for the sector is experiencing.

The new operating model ensures that ASR can deliver a stable service to Affinity Sutton Homes in an otherwise volatile marketplace.

### **Review of the Year**

The company made a profit after taxation of £123,000 in the year (2014: £126,000) and has recognised a donation of £123,000 to Affinity Sutton Homes under the Gift Aid arrangements of HMRC (2014: £126,000). This was based on a turnover of £5.1 million (2014: £5.2 million).

Affinity Sutton Homes provides a loan facility of £3,000,000 of which £500,000 is drawn as at 31 March 2015 (2014: £500,000 drawn).

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

#### **Responsibility**

The Board is responsible for ensuring that there are sound systems of internal control across ASR which focus on the significant risks that threaten the company's ability to meet its objectives and provide reasonable - but not absolute - assurance against material misstatement or loss.

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;

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

- 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, bribery and whistleblowing.

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, for the year ended 31 March 2015 and up to the date of approval of the financial statements.

### **Going Concern**

After reviewing ASR's strategic business planning and control procedures, the Board has a reasonable expectation that ASR has adequate resources to continue operating for at least twelve months from the date of approval of the financial statements.

### **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.

### **Charitable and Political Contributions**

Apart from the Gift Aid payments to its charitable parent - which are treated as dividends under company law - the company made no charitable contributions during the year (2014: £nil) and no political contributions (2014: £nil).

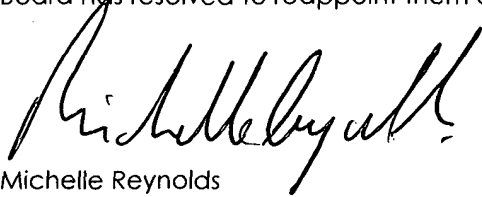
### **Disclosure of Information to Auditor**

The Board members who held office at the date of approval of this Report of the Board 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 they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**REPORT OF THE BOARD (CONTINUED)**

**Auditor**

KPMG LLP have expressed their willingness to continue in office as the Group's auditor. The Board has resolved to reappoint them as auditor.

A handwritten signature in black ink, appearing to read 'Michelle Reynolds', is written over the printed name.

Michelle Reynolds  
Chair  
7 July 2015

## **STATEMENT OF BOARD'S RESPONSIBILITIES IN RESPECT OF THE REPORT OF THE BOARD AND THE FINANCIAL STATEMENTS**

The Board is responsible for preparing the Report of the Board 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 judgements and estimates that are reasonable and prudent;
- 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.

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

We have audited the financial statements of Affinity Sutton Repairs Limited for the year ended 31 March 2015 set out on pages 9 to 16. 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 the Board and auditor**

As explained more fully in the Board's Responsibilities Statement set out on page 7, the Board is 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 2015 and of its profit for the year 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.

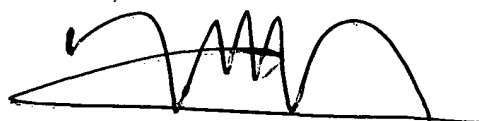
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Board 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; or
- the Board was not entitled to take advantage of the small companies exemption in not preparing a strategic report.



**Harry Mears (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square, London, E14 5GL

13 July 2015



**Profit and Loss Account for the year ended 31 March 2015**

	Notes	2015 £'000	2014 £'000
<b>Turnover</b>	2	<b>5,061</b>	5,169
Cost of sales		<b>(4,522)</b>	(4,583)
<b>Gross profit</b>		<b>539</b>	586
Administration expenses		<b>(403)</b>	(441)
<b>Operating profit</b>		<b>136</b>	145
Interest payable and similar charges	5	<b>(13)</b>	(18)
<b>Profit on ordinary activities before taxation</b>	6	<b>123</b>	127
Tax charge on profit on ordinary activities	7	-	(1)
<b>Profit for the year</b>	12	<b>123</b>	126
Gift Aid payment to parent Association	12	<b>(123)</b>	(126)
<b>Retained profit for the year after Gift Aid</b>		<b>-</b>	-


All operations are continuing.

There were no other recognised gains and losses, other than those in the Profit and Loss Account, in either the current or preceding year.

**Balance Sheet as at 31 March 2015**

	Notes	2015 £'000	2014 £'000
<b>Current assets</b>			
Debtors	8	388	315
Cash at bank and in hand		183	227
		<u>571</u>	<u>542</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	(71)	(42)
		<u>500</u>	<u>500</u>
<b>Net current assets</b>			
Creditors: amounts falling due after more than one year	10	(500)	(500)
		<u>-</u>	<u>-</u>
<b>Net assets</b>			
		<u>-</u>	<u>-</u>
<b>Capital and reserves</b>			
Share capital	11	-	-
Profit and loss account	12	-	-
		<u>-</u>	<u>-</u>
<b>Equity shareholder's funds</b>			
		<u>-</u>	<u>-</u>

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



Michelle Reynolds  
Chair

7 July 2015

**Reconciliation of Movements on Shareholder's Funds for the year ended 31 March 2015**

	2015 £'000	2014 £'000
At the beginning of the year	-	-
Profit for the year	123	126
Gift Aid payment to parent Association	(123)	(126)
	<u>-</u>	<u>-</u>
<b>At the end of the year</b>		
	<u>-</u>	<u>-</u>

**Notes to the Financial Statements for the year ended 31 March 2015**

**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 at least twelve months from the date of approval of the financial statements. 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 2015 (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.

**Gift Aid**

A Gift Aid donation, in relation to this year's profits, to the company's charitable parent is recognised as a liability at year-end as a result of a shareholder-approved Companies Act s288 written resolution. Payment will be made within nine months of the year end and the amount may differ as the corporation tax computation for the year is finalised.

In prior years the Gift Aid donation was presented as an expense in the Profit and Loss Account, as endorsed by general guidance from the Charities Commission. In October 2014 this guidance was withdrawn and the Institute of Chartered Accountants in England and Wales issued new guidance stating that Gift Aid payments are in fact distributions of profit.

This has resulted in an increase in the profit for the prior year from £nil to £126,000. This reclassification has no effect on net assets.

**2. Turnover**

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

**3. Directors' emoluments**

Jonathan Cawthra, Victoria Bonner, Janice Murray, Neil McCall and Michelle Reynolds are employees of Affinity Sutton Group Limited and are representatives of that entity. Their emoluments are disclosed there as appropriate.

**Notes to the Financial Statements for the year ended 31 March 2015 (continued)**

**4. Employee information**

The average monthly number of FTEs, including executive directors, employed during the year was:

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Trade operatives	103	122
Supervisory	20	10
Administration	12	15
Call centre	12	14
Customer services	4	3
	<b>151</b>	<b>164</b>

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Staff Costs:</b>		
Wages and salaries	4,300	4,401
Social security costs	428	438
Pension costs	25	24
	<b>4,753</b>	<b>4,863</b>

**5. Interest payable and similar charges**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Interest on intercompany loan	<b>13</b>	<b>18</b>

**6. Profit on ordinary activities before taxation**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before taxation is stated after charging:		
Auditor remuneration (excluding VAT)		
in capacity as auditor	3	3
other services	-	-
	<b>3</b>	<b>3</b>

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 2015 (continued)**

**7. Taxation**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
<b>Analysis of charge in period</b>		
<b>Current tax:</b>		
Adjustment in respect of prior periods	-	1
<b>Tax charge on profit on ordinary activities</b>	<u>-</u>	<u>1</u>

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 company's current tax charge for the period is less than 20% (2014: less than 20%), the small profits rate of corporation tax in the UK. The differences are explained below:

	<b>2015</b>	2014
	<b>£'000</b>	£'000
<b>Current tax reconciliation</b>		
Profit on ordinary activities before taxation	<u>123</u>	<u>127</u>
<b>Current tax at 20% (2014: 20%)</b>	<b>25</b>	25
<b>Effects of:</b>		
Adjustment in respect of prior period	-	1
Gift Aid payment made or expected to be made	<b>(25)</b>	(25)
<b>Total current tax charge (see above)</b>	<u>-</u>	<u>1</u>

Factors that may affect future tax charges:

The main rate of UK corporation tax (effective from 1 April 2015) that was substantively enacted at the balance sheet date was 20%.

**Notes to the Financial Statements for the year ended 31 March 2015 (continued)**

**8. Debtors**

	2015 £'000	2014 £'000
<b>Amounts falling due within one year</b>		
Amounts due from Group undertakings	371	296
Other debtors and prepayments	17	19
	<u>388</u>	<u>315</u>

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

	2015 £'000	2014 £'000
Amounts due to Group undertakings	-	9
Accruals and deferred income	70	32
Other creditors	1	1
	<u>71</u>	<u>42</u>

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

	2015 £'000	2014 £'000
Amounts due to Group undertakings	<u>500</u>	<u>500</u>
Loans are repayable, otherwise than by instalments as follows:		
Between one and two years	<u>500</u>	<u>500</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**

	2015 £	2014 £
<b>Allotted, called up and fully paid:</b>		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

**Notes to the Financial Statements for the year ended 31 March 2015 (continued)**

**12. Reserves**

	Profit and loss account £'000
At 1 April 2014	-
Profit for the year	123
Gift Aid payment to parent Association	(123)
<b>At 31 March 2015</b>	<b>-</b>

<b>The aggregate amount of Gift Aid payment comprises:</b>	<b>£'000</b>
Gift Aid for the current year, approved by written resolution and recognised as a liability	123

**13. 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%

**14. 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.

**15. Immediate and ultimate parent undertaking**

The company is a subsidiary undertaking of Affinity Sutton Homes Limited and its ultimate parent undertaking is Affinity Sutton Group Limited. Both are registered societies under the Co-operative and Community Benefit Societies Act 2014 and are regulated by the Homes and Communities Agency.

Group accounts have been prepared by the ultimate parent undertaking and are available from the registered address as detailed on page 3.