

Community Building Services (CBS) Limited
Financial Statements

2008/09



COMMUNITY BUILDING SERVICES (CBS) LIMITED

Report of the Board and Financial Statements for the year ended 31 March 2009



COMPANIES HOUSE – NO: 04129615

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BOARD AND ADVISERS

Board

Ken Shipman (Chairman)
John Shiner
John Pointer (appointed 12 November 2008)
Terry Price
Paul Smith (resigned 5 March 2009)
John Bell (Managing Director)
Mark Perry (appointed 5 March 2009 – Commercial Director, Affinity Sutton Group)
Michael Herring (resigned 4 September 2008)
Linda Morris (resigned 31 August 2008)
Malcolm Wilson (resigned 19 August 2008)

Principal Solicitors

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

Bankers

Lloyds TSB PLC
105-115 Station Road
Edgware
Middlesex
HA8 7JL

Auditors

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

REPORT OF THE BOARD

Community Building Services (CBS) Limited ("CBS") presents its report and audited financial statements for the year ended 31 March 2009.

Principal Activities

The principal activities of the company are to provide maintenance and repairs services both to its parent company and in the wider marketplace. It is a wholly owned subsidiary of William Sutton Housing Association Limited ("William Sutton"). During the year it entered into a 15 year partnering agreement with William Sutton to provide a repairs service to its entire portfolio of stock. CBS has also been awarded contracts with Stadium Housing for cyclical decorations and responsive repairs and has a long term contract to provide facilities management services to residential children's homes across Hertfordshire. CBS is now a national contractor providing repair services to 25,000 properties across England. CBS employs about 200 staff across the country with offices in London, Nottingham and Plymouth.

The Year Under Review

Financial Performance

The company has a profit before taxation of £51,000 (2008: loss of £20,000) after making a donation of £757,000 (2008: £412,000) to William Sutton under the Gift Aid arrangements of HM Revenue and Customs. This was based on Turnover of £18.4 million (2008: £13.5 million). Cost of Sales increased to £15.4 million (2008: £11.5 million).

In 2007, CBS contracted with William Sutton to repair and maintain its residential stock in the South West of England, largely in Devon. It also agreed with William Sutton that it would extend the level of services further to cover the whole country and as from July 2008 the enlarged contract came into effect. It involved the transfer of about 120 estate maintenance staff from William Sutton. The extended contract has generated increased sales revenue and explains the large year on year increase in turnover of almost £5.0 million. The combined increase in cost of sales and administration costs totals £4.6 million which is due to the costs associated with the roll out of the enlarged William Sutton contract and the increased level of external decorations work on the Stadium contract.

Dividends

No dividend was paid during the year and none is proposed (2008: £nil).

The Board's Responsibilities in Respect of the Board Report and the Financial Statements

The Board is responsible for preparing financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the Company, and of the profit or loss for that period.

In preparing those financial statements the Board is required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether any applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. It also has a 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.

REPORT OF THE BOARD - CONTINUED

The Board is responsible for the maintenance and integrity of the 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 auditors are unaware, and that 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 auditors are aware of that information.

The Company's System of Internal Control

Responsibility

The Board is responsible for ensuring that sound systems of internal control across CBS 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. The Company participated in the 2008 National Fraud Initiative sponsored by the Audit Commission.

The Managing Director has reviewed the internal controls and assurance arrangements by reference to checks and reports on the above. He has reported to the Board that he is satisfied with the effectiveness of the control systems. The Group Audit Committee has also expressed its 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.

REPORT OF THE BOARD - CONTINUED

Going Concern

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

Directors

The Directors holding office at the date of this report are listed on Page 3. None of the Directors who held office at the Balance Sheet date had any disclosable interest in the shares of the Company.

Directors' and officers' liability

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

Political and Charitable Contributions

The Company made a gift aid donation of £757,000 (2008: £412,000) to its parent company, William Sutton Housing Association Limited. Donations to other UK charities amounted to £250 (2008: £1,550).

Auditors

KPMG LLP have expressed their willingness to continue in office. Accordingly a resolution to reappoint them as auditors will be proposed at the forthcoming Annual General Meeting.

Ken Shipman
Chairman
7 July 2009

REPORT OF THE INDEPENDENT AUDITORS, KPMG LLP, TO THE MEMBERS OF COMMUNITY BUILDING SERVICES (CBS) LIMITED

We have audited the financial statements of Community Building Services (CBS) Limited for the year ended 31 March 2009 which comprise Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on pages 4 and 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

REPORT OF THE INDEPENDENT AUDITORS, KPMG LLP, TO THE MEMBERS OF COMMUNITY BUILDING SERVICES (CBS) LIMITED - CONTINUED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

Chartered Accountants & Registered Auditor
1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009	2008
		£'000	£'000
Turnover	2	18,425	13,460
Cost of sales		<u>(15,394)</u>	<u>(11,545)</u>
Gross Profit		3,031	1,915
Administration expenses		<u>(2,237)</u>	<u>(1,534)</u>
Operating Profit		794	381
Interest receivable and other income	4	<u>14</u>	<u>11</u>
Profit on ordinary activities for the year	5	808	392
Payment under Gift Aid to parent company		<u>(757)</u>	<u>(412)</u>
Profit/(Loss) before Taxation		51	(20)
Taxation on profit on ordinary activities	6	<u>-</u>	<u>-</u>
Profit/(Loss) on ordinary activities after taxation	12	<u>51</u>	<u>(20)</u>

The profit shown above are derived entirely from continuing operations.

There were no other gains and losses other than those in the Profit and Loss account.

BALANCE SHEET AS AT 31 MARCH 2009

	Notes	2009	2008
		£'000	£'000
Tangible fixed Aseets			
Other fixed assets	7	72	-
Current Assets			
Stock	8	-	131
Debtors	9	1,530	1,592
Cash at bank and in hand		<u>840</u>	<u>612</u>
		2,370	2,335
Creditors: Amounts falling due within one year	10	<u>(2,240)</u>	<u>(2,184)</u>
Net Current Assets		<u>130</u>	<u>151</u>
Net Assets		<u>202</u>	<u>151</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	<u>202</u>	<u>151</u>
Equity Shareholder's funds		<u>202</u>	<u>151</u>

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

Ken Shipman
Chairman
7 July 2009

John Shiner
Board member

Rod Ainsworth
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

1. Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Turnover

Turnover represents the invoiced value, net of Value Added Tax, of goods and services provided to customers.

Stock and work in progress

Stocks of materials and work in progress are valued at the lower of cost and net realisable value.

Depreciation

Depreciation is charged on a straight line basis over the expected useful economic lives of the fixed assets at the following annual rates:

Office furniture and equipment	Between 5% and 25%
Computer equipment and software	Between 10% and 33%

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, William Sutton Housing Association Limited, under the Gift Aid scheme.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. There were no finance leases as at 31 March 2009.

Pension cost

The company participates in two defined benefit pension schemes, the Social Housing Pension Scheme and the Hertfordshire County Council Pension Fund, and one defined contribution scheme.

Contributions to the defined benefit schemes pension schemes are calculated as a percentage of pensionable salaries of employees determined in accordance with actuarial advice. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 - CONTINUED

2. Turnover

The turnover for the company is stated net of VAT and is derived from the UK.

3. Directors' emoluments and Employees

	2009 £'000	2008 £'000
Directors' emoluments		
Non executive directors	20	23
Executive director	79	97
Pension contributions – in respect of services as director	13	-
	<u>112</u>	<u>120</u>

Retirement benefits under a defined benefit scheme are accruing to one director (2008: one).

Employees

	2009	2008
Full time equivalents		
Trade operatives	177	93
Supervisory	16	11
Administration	5	14
Call centre	10	10
Customer Services	3	4
	<u>211</u>	<u>132</u>

The aggregate payroll costs of those persons were as follows:

	2009 £'000	2008 £'000
Wages and salaries	5,474	3,569
Social security costs	486	330
Pension costs	575	220
	<u>6,535</u>	<u>4,119</u>

4. Interest receivable and other income

	2009 £'000	2008 £'000
Bank interest receivable	14	11
	<u>14</u>	<u>11</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 – CONTINUED

5. Profit/(Loss) on ordinary activities before taxation

	2009 £'000	2008 £'000
The profit/(loss) on ordinary activities before taxation is stated after charging:		
Depreciation	7	-
Auditor's remuneration		
- in their capacity as auditors	10	8
- in respect of taxation services	-	2
Hire of other assets – operating leases	<u>408</u>	<u>352</u>

6. Taxation

Analysis of charge in period

	2009 £'000	2008 £'000
<i>UK corporation tax</i>		
Current tax on loss for the period (21%)	-	-
Under / over provision in previous year	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The company pays over the majority of its taxable profit to its immediate parent undertaking, William Sutton Housing Association 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 lower (2008: Higher) than the standard rate of corporation tax in the UK for small companies 21%, (2008: 19%). The differences are explained below.

	2009 £'000	2008 £'000
<i>Current tax reconciliation</i>		
Profit / (Loss) on ordinary activities before tax	<u>51</u>	<u>(20)</u>
Current tax at 21% (2008: 19%)	11	(4)
Effects of:		
Expenses not deductible for tax purposes	2	4
Capital allowances for period in excess of depreciation	<u>(13)</u>	<u>-</u>
Current tax charge for the period (see above)	<u>-</u>	<u>-</u>

A deferred tax asset of £8,607 (2008: £4,044) relating to fixed assets and short term timing differences has not been provided due to uncertainty in crystallisation. The asset would be recovered if it was to reverse out in the future and suitable tax profits were to arise against which it could be offset.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 - CONTINUED

7. Fixed Assets

	Office Equipment £000
Cost	
At 1 April 2008	-
Additions	79
At 31 March 2009	<u>79</u>
Depreciation	
At 1 April 2008	-
Charge for year	(7)
At 31 March 2009	<u>(7)</u>
Net book value at 31 March 2009	<u>72</u>
Net book value at 31 March 2008	<u>-</u>

8. Stock

	2009 £'000	2008 £'000
Work in progress	<u>-</u>	<u>131</u>

9. Debtors

	2009 £'000	2008 £'000
Trade debtors	472	687
Amounts owed by ultimate parent company	-	7
Other debtors	-	153
Prepayments and accrued income	1,058	745
	<u>1,530</u>	<u>1,592</u>

10. Creditors : Amounts due within one year

	2009 £'000	2008 £'000
Trade creditors	1,304	142
Other taxes, corporation tax and social security	9	119
Amounts owed to immediate parent company	575	582
Accruals and deferred income	352	1,341
	<u>2,240</u>	<u>2,184</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 - CONTINUED

11. Called up share capital

	2009 £	2008 £
<i>Authorised:</i> Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid:</i> Ordinary shares of £1 each	<u>1</u>	<u>1</u>

12. Reserves

	Profit and Loss Account £'000
At 1 April 2008	151
Profit for the year	<u>51</u>
At 31 March 2009	<u><u>202</u></u>

13. Commitments under operating leases

The company holds several non-cancellable operating leases. At 31 March 2009 the company had annual commitments under these leases as follows:

	2009 £'000	2008 £'000
Operating leases which expire:		
Within one year	11	15
Within two and five years	<u>466</u>	<u>322</u>

14. Pension obligations

Pension scheme obligations are disclosed in the parent company accounts of William Sutton Housing Association Limited.

15. Related Parties

During the normal course of business the company has traded with its immediate parent William Sutton Housing Association, a company registered and incorporated in the United Kingdom, together with its subsidiaries. The company has taken advantage of the exemption available under FRS 8 "Related Party Disclosures" and not disclosed details of transactions with immediate parent undertaking or with any other undertaking in the Affinity Sutton Group Limited.

16. Parent company and ultimate parent undertaking

The company is a subsidiary undertaking of William Sutton Housing Association Limited, a company registered, in Great Britain, under the Industrial & Provident Societies Act 1965. Registration number 30203R. The 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.

Community Building Services (CBS) Limited

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