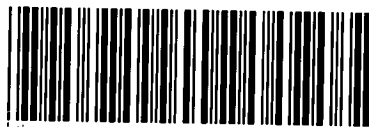


REGISTERED NUMBER: SC432814

BON ACCORD SUPPORT SERVICES LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

FRIDAY



SCT *S79LVRDE* #99
06/07/2018
COMPANIES HOUSE

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

	Page
Company Information	3
Strategic Report	4
Report of the Directors	7
Statement of Directors' Responsibilities	9
Independent Auditor's Report	10
Profit and Loss Account	13
Statement of Comprehensive Income	14
Balance Sheet	15
Statement of Changes in Equity	16
Notes to the Financial Statements	17

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018**

DIRECTORS

**Tim Gardiner
Alan Grant
Heather Gray
John MacLean
Andrew Newall
Graham Parker
Sandra Ross**

REGISTERED OFFICE

**Inspire Building
Beach Boulevard
Aberdeen
AB24 5HP**

REGISTERED NUMBER

SC432814

AUDITOR

**Johnston Carmichael LLP
Chartered Accountants and Registered Auditor
Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL**

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Directors present their Strategic Report for the year ended 31 March 2018.

Corporate Overview

Bon Accord Support Services Limited is a wholly owned subsidiary of Aberdeen City Council.

Bon Accord Support Services Limited manages the provision of elderly care, occupational therapy and telecare services to the people of Aberdeen. The company operates throughout the Aberdeen area in private homes, sheltered housing and specialised facilities.

The company is contracted by Aberdeen City Council to provide these services; Bon Accord Support Services Limited sub-contracts the regulated care element of the contract to Bon Accord Care Limited. The contract and companies are structured this way to ensure that the business can operate under normal VAT trading rules. Aberdeen City Council aims to maximise care delivered to the people of Aberdeen within the limits of the contracted sum. Any distributable surplus generated by the company will be returned to Aberdeen City Council or, if the shareholder prefers, reinvested in the company to provide additional care.

Profit & Loss Account

These accounts summarise the financial position for the year to 31 March 2018. The company shows a turnover of £29,373,000 (2016/17, £26,677,000) upon which it recorded a profit after tax of £42,000 (2017, £28,000).

Once we fully account for the increase in the actuarially assessed pension fund deficit the company records a comprehensive expense of £144,000 for the year (2016/17, £116,000).

The company was asked to deliver £740,000 of new efficiency savings within the contracted sum for 2017/18, calculated after accounting for unavoidable additional costs arising from staff pay increases and the introduction of the Modern Apprenticeship Levy by the UK Government.

The savings target was in fact exceeded, the company making additional savings of a level sufficient to fund the investment of £250,000 to improve the service user environment within our residential facilities by replacing tired and worn out flooring, beds, decorative items, chairs and televisions. The fact that the company was able to absorb £250,000 of new investment to our residential facilities and still deliver a pre-tax profit of £109,000 is testament to the great business result delivered by our managers and staff. This amounts to £1.1M of efficiency driven savings (before re-investment) generated in a single year.

The following initiatives contributed significantly to this excellent result:

- The planned strategic and operational review of our business delivered significant re-design of how we manage and deliver services. This permitted the streamlining of management structures and increased the number of customer facing staff. This will improve our service quality and service capacity whilst reducing the overall service cost. The re-design process is now complete and will continue to deliver savings in the years ahead. It should be noted that this very significant process was completed without a single redundancy and overall staff numbers are relatively unchanged.
- 2017/18 saw the continued improvement in the utilisation of our staff resource with sickness absence levels being reduced by a further 0.4% to 5.1% and an increased utilisation of our internal relief staff pool with staff hours supplied increasing from 116,700 to 155,000 in the year.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Readers will note a material increase in turnover in the year of £2,696,000. This has arisen primarily from the company taking on the running of Kingswells Nursing home on 1 April 2017 in its capacity of "Provider of Last Resort" for Aberdeen City Council. The Care Inspectorate took the decision to stop the service from being delivered by the incumbent company on the 31 March 2017 and Bon Accord Care had to take on the operation of the facility with its 54 vulnerable adults in residence with under 24 hours notice from 7am the following day. The fact that this was achieved is testament to the high quality and commitment of the staff and managers within the company and was a significant achievement in the circumstances. This business is managed on a not-for-profit basis with Aberdeen City Council.

Balance Sheet

Overall the net worth of the company reduced by £144,000 in the year, this is due to the increase in the actuarially assessed pension deficit. Readers are reminded that this is not in any way an immediate cash liability to the company rather it is an assessment of the present value of the company's future obligations under our pension arrangement. Aside from this company assets are slightly improved, company cash reserves remain high at over £5,000,000.

Principal Risks and Uncertainties

The company is almost entirely funded through its core contract with Aberdeen City Council. The financial pressures placed upon public sector bodies present the most significant element of business risk to the company. Financial austerity in the public sector is restricting the level of funding Aberdeen City Council received now and in the future. As a direct consequence the company is asked to deliver its services in more efficient ways to ensure we can contribute efficiencies now and in the future that will help ease the financial burden on our main customer (and owners) Aberdeen City Council. The company will always aim to deliver the maximum levels of quality care within the contract sums awarded by our customers.

The Directors anticipate that the pressure to continually reduce overall spend on public services will continue. Given that assumption, the Board has put in place several strategic initiatives to deliver real efficiencies whilst maintaining or improving the volume and quality of our services. The company has completed a full strategic review of all its operations and practices (as outlined above). This review has delivered improved value for money and service quality in 2017/18 and will continue to yield material efficiencies in the years to come.

Following on from this review, the focus of the company will shift to increasing activity. This is a process that will require the improved management of our services. To this end it is anticipated that the company will invest in management information systems tailored to our companies operational needs to provide our managers with the tools to improve our services whilst delivering efficiencies via increased activity without increasing service cost or reducing front-line staff numbers.

Our current 5 year contract with Aberdeen City Council will end on 31 July 2018. The Board is moving towards the conclusion of its discussions with the Aberdeen City Health and Social Care Partnership to renew our contract for the continuing provision of adult social care services for the next 6 years – up to 31 July 2024. The Board is confident that by working positively with the Aberdeen Health & Social Care Partnership that the new contractual arrangement will be in place in readiness for 1 August 2018 and the new 6 year service delivery period.

The new contractual arrangement is likely to be slightly different to that currently in place in that we might see some changes to a few of the services we provide however, with the inclusion of the Kingswells Nursing Home service on our service contract, it is the Board's expectation that we will see overall growth in the company's business.

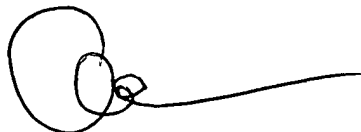
Key Performance Indicators

Bon Accord Support Services Limited is a company wholly owned by Aberdeen City Council with the principal aim of delivering high quality adult social care to the citizens of Aberdeen in the most efficient way to ensure it offers the best value for money to the local taxpayer. To do this the company approaches all that it does from a commercial viewpoint. However, we deliver a public service so considerations of the quality of service we provide, and the responsible treatment of our staff are also key considerations while working within our contracted sum. We aim to maximise service delivery not business profit. The company targets the maximisation of volume and quality in services we provide to our service users. Any savings made are re-invested in the delivery of our services.

Each year the company agrees the service levels to be provided and the annual cost of those services with the Aberdeen City Health and Social Care Partnership. We must then deliver or exceed those commitments. To generate profit by reducing activity is not acceptable, delivery to or exceeding activity targets within the contracted sum is our principal KPI. This was achieved in 2017/18 with overall requested activity levels met and a modest after-tax profit of £42,000 (2016/17 - £28,000) being generated.

In terms of quality our services are externally assessed by the Care Inspectorate who will visit our services (usually un-announced) and audit all aspects of what we do. Following inspection reports any issues and any remedial actions required are highlighted. Various aspects of the services are scored from 1 (unacceptable) to 6 (an exemplar). At 31 March 2018 our average Care Inspectorate inspection score across our 14 registered services remained unchanged from 2017 at 4.4 – which is “good” under the scoring system. Given the significant disruption and change the company undertook in 2017/18 during the strategic review maintaining our ratings is a significant achievement.

ON BEHALF OF THE BOARD:



JOHN MACLEAN

FINANCE DIRECTOR

DATE: 12 JUNE 2018

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2018**

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2018.

DIRECTORS

The directors shown below have held office from 1 April 2017 to the date of this report:

Tim Gardiner
Alan Grant
Heather Gray
John MacLean
Andrew Newall
Graham Parker
Sandra Ross

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an on-going basis and provision is made for doubtful debts where necessary.

Future developments

Future developments can be found in the Strategic Report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

AUDITOR

The auditor, Johnston Carmichael LLP, will be deemed re-appointed under S487 of the Companies Act 2006.

DIRECTORS LIABILITY INSURANCE

The company has an insurance policy in place underwritten by Zurich Municipal that provides cover for the Directors against any personal liability arising from claims of a management, corporate or employment practices nature. The policy is an annual arrangement with a renewal date of 25 November.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a horizontal line extending to the right.

JOHN MACLEAN

FINANCE DIRECTOR

DATE: 12 June 2018

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2018**

The directors are responsible for preparing the Strategic Report, Report of the Directors 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 law). 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 of the company and of the profit or loss of the company for that year. 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;
- State whether applicable UK 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 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 to 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.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BON ACCORD SUPPORT SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2018

Opinion

We have audited the financial statements of Bon Accord Support Services Limited (the 'company') for the year ended 31 March 2018 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where;

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report, Report of the Directors and Audited Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BON ACCORD SUPPORT SERVICES LIMITED (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit;

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Report of the Directors.

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 of the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BON ACCORD SUPPORT SERVICES LIMITED (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

- Obtain an understanding of internal control relevant to audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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.

Johnston Carmichael LLP

Fiona Kenneth (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP
Chartered Accountants and Statutory Auditor
Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

19 June 2018

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	Normal Operations £'000	Pension Adjustments £'000	2018 £'000	2017 £'000
TURNOVER	3	29,373	-	29,373	26,677
Cost of sales		(26,991)	(164)	(27,155)	(25,038)
GROSS PROFIT		2,382	(164)	2,218	1,639
Administrative expenses		(2,453)	(4)	(2,457)	(2,215)
		(71)	(168)	(239)	(576)
Other operating income		345	-	345	600
OPERATING PROFIT	5	274	(168)	106	24
Interest receivable and similar income		7	-	7	6
Interest payable		-	(4)	(4)	(1)
PROFIT BEFORE TAX		281	(172)	109	29
Corporation tax	6	(67)	-	(67)	(1)
PROFIT FOR THE FINANCIAL YEAR		214	(172)	42	28

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

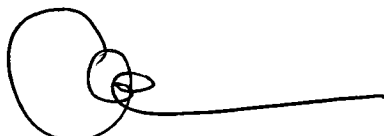
**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £'000	2017 £'000
PROFIT FOR THE FINANCIAL YEAR		42	28
Other comprehensive income			
Actuarial loss on defined benefit pension scheme	15	<u>(186)</u>	<u>(144)</u>
Other comprehensive expense for the year		<u>(186)</u>	<u>(144)</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<u>(144)</u>	<u>(116)</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**BALANCE SHEET
31 MARCH 2018**

	Notes	2018 £'000	2017 £'000
FIXED ASSETS			
Tangible assets	7	193	244
CURRENT ASSETS			
Stocks	8	420	371
Debtors	9	877	205
Cash in hand		5,100	2,987
		<u>6,397</u>	<u>3,563</u>
CREDITORS			
Amounts falling due within one year	10	(6,610)	(4,034)
NET CURRENT LIABILITIES		<u>(213)</u>	<u>(471)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(20)	(227)
DEFERRED GOVERNMENT GRANTS	11	(73)	(80)
PENSION LIABILITY	15	(648)	(290)
NET LIABILITIES		<u>(741)</u>	<u>(597)</u>
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Retained earnings	14	(741)	(597)
SHAREHOLDER'S DEFICIT		<u>(741)</u>	<u>(597)</u>

The financial statements were approved by the Board of Directors on 12 June 2018 and were signed on its behalf by:



John A MacLean
Director

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 31 March 2016		-	(481)	(481)
Profit for the year		-	28	28
Actuarial loss on defined benefit pension scheme	15	-	(144)	(144)
Balance at 31 March 2017		-	(597)	(597)
Profit for the year		-	42	42
Actuarial loss on defined benefit pension scheme	15	-	(186)	(187)
Balance at 31 March 2018		-	(741)	(742)

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES

Company information

Bon Accord Support Services Limited is a private limited company domiciled and incorporated in Scotland. The registered office and trading address is Inspire Building, Beach Boulevard, Aberdeen, AB24 5HP.

Accounting Convention

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historic cost convention modified to include certain financial instruments at fair value. The principal accounting policies are set out below.

FRS 102 reduced disclosure framework

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it.

The company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) The requirements of Section 7 "Statement of Cash Flows" and Section 3 "Financial Statement Presentation" paragraph 3.17 (d).
- (b) Certain disclosure requirements in relation to financial instruments contained in sections 11 and 12.
- (c) The requirement of Section 33 "Related Party Disclosures" paragraph 33.7!

Going Concern

The company reports a trading profit at 31 March 2018. The year has been a successful one in that contracted activity levels have been met, the strategic review of our operations and service delivery have been completed and implemented and quality standards have been maintained (as measured by the Care Commission grading system). After accounting for unavoidable additional costs, the company delivered further savings of £1,100,000, (2015/16 & 2016/17 £1,470,000 total).

Looking forward it is clear to the Board that public sector finances will come under material pressure for cost reduction in the coming years. Bon Accord Support Services Limited being a wholly owned subsidiary of Aberdeen City Council will do everything possible to assist Aberdeen City Council to meet its financial targets while maintaining activity levels and the highest levels of quality care possible within its financial limitations.

The management team has contingent planning in place for a reduction in available funds for adult social care over the next 3 years. The company cannot be certain what limitations will be placed on the contracted sum since public sector funding levels are set annually by the Scottish Government. However, the contingent plans are prudent. Work is already underway to review all aspects of how the company operates and manages the business in order to develop suitable plans that will deal with the business targets in the timescales required. The Directors are confident that the company will achieve all that is asked of it, indeed the company is currently on target to meet a 2018/19 savings target of £600,000.

The company's service contract with its main customer Aberdeen City Council ends in July 2018 however there is a clear commitment from both Aberdeen City Council and the Aberdeen City Health & Social Care Partnership to renew the contract in substantial form beyond 2018 for a period of 6 years. The Board is now approaching the end of constructive discussions with the Aberdeen City Health & Social Care Partnership setting out a mutually agreeable contracted relationship up to July 2024.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

1. ACCOUNTING POLICIES – continued

The company continues to show an accumulated deficit at 31 March 2018, this deficit increasing by £145,000 in 2017/18 wholly due to an increase in the actuarially assessed pension fund liability. Trading profits generated in the year only partially negates this adverse movement so we continue to show an overall deficit in shareholder funds arising from the recognition of defined benefit pension scheme liabilities in the balance sheet.

Given this accumulated deficit, the pension liability noted and the anticipated contractual austerity the company has sought written assurance from Bon Accord Support Services' sole shareholder, Aberdeen City Council, for its on-going financial support of the company. Aberdeen City Council has formally confirmed its commitment to ensuring that the company can meet all external creditors falling legally due until at least 30 September 2019.

Having obtained the agreement of Aberdeen City Council to continue to support the company in these circumstances and recognising the clear intention of our customer to extend the contractual arrangement beyond 2018, the Directors are satisfied that it is appropriate to prepare the accounts on a going concern basis.

Turnover

Turnover represents sales of services, excluding value added tax and is recognised when the company has earned the rights to consideration, in line with when the services are provided.

Tangible Fixed Assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided at rates to write off the cost of fixed assets, less their residual value, over their expected useful lives on the following basis:

Motor vehicles	5 – 7 years
Other fixed assets	3 - 5 years
Property and tenants' improvements	15 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete or slow-moving items.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

1. ACCOUNTING POLICIES – continued

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Corporation Tax

Bon Accord Support Services Limited is constituted as a private limited company wholly owned by Aberdeen City Council. The company trades with a view to making profits and providing a 5 star service to the citizens of Aberdeen. Aberdeen City Council is entitled to a dividend should a distribution be authorised by the Board from accumulated profits. Given these circumstances Bon Accord Support Services Limited will be liable for Corporation Tax on any taxable profits generated.

Given the accumulated losses to date and our shareholder's aim to maximise the delivery of the company's services it is unlikely in the medium term that material Corporation Tax will be payable upon the company's core trading activities for Aberdeen City Council. Should the commercial opportunities being developed prove successful, taxable surpluses may be generated in the future. Corporation tax can also be payable on any unearned incomes i.e. interest receivable on bank deposits.

Operating Leases

Operating lease rentals are charged on a straight-line basis over the term of the lease.

Government Grants

Any government grants received are matched with the corresponding expenditure in the period the expenditure is recognised.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

1. ACCOUNTING POLICIES – continued

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension Costs and other Post-Retirement Benefits

The company offers staff membership of a defined benefit pension scheme, the North East Scotland Pension Fund, a Local Government Pension Scheme that provides benefits based upon members average career salary. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate. The expected cost to the company of pensions is charged to the profit and loss account so as to spread the cost of pensions over the service lives of the employees.

In accordance with FRS 102 the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the profit and loss account. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The difference between the actual and expected returns on assets during the year, including changes in actuarial assumptions, is recognised as assets or liabilities within the company balance sheet.

2. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following judgements or estimation uncertainties have a significant effect of the amounts recognised in the financial statements:

Defined benefit pension deficit

The NESPF scheme is accounted for as a defined benefit pension scheme using actuarial assumptions. These assumptions involve significant judgements and are based on the advice of the schemes actuaries. Details of the assumptions are contained in note 15.

Going concern

The directors' judgement to continue preparing accounts on the going concern basis is explained in note 1. The accounts do not include any adjustments that may arise if the going concern basis was not used.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018****3. TURNOVER**

The directors believe that the company has one class of business, which is the provision of elderly care, occupational therapy and development services to the people of Aberdeen. Turnover consists of revenue originated and delivered in the United Kingdom.

4. STAFF COSTS

	2018 £'000	2017 £'000
Wages and salaries	1,358	1,222
Social security costs	114	113
Other pension costs	354	198
	<u>1,826</u>	<u>1,533</u>

The average monthly number of employees during the year was as follows:	2018	2017
Administration	34	36
Modern Apprentices	7	6
	<u>41</u>	<u>42</u>

5. OPERATING PROFIT

	2018 £'000	2017 £'000
The operating profit is stated after charging:		
Depreciation – owned assets	51	30
Auditor's remuneration	7	6
Other operating leases	980	1,022
	<u>1,038</u>	<u>1,058</u>
Directors' remuneration	165	163
Directors' fees	20	26
Directors' pension contributions	25	25
	<u>210</u>	<u>214</u>

The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit pension scheme	<u>2</u>	<u>2</u>
--------------------------------	----------	----------

Emoluments of highest paid Director:

Aggregate emoluments	96	95
Company pension contributions	15	14
Accrued pension benefit	9	7
	<u>120</u>	<u>116</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018****6. Tax on profit on ordinary activities**

The tax charge is based on the profit for the year and represents:

	2018 £'000	2017 £'000
UK corporation tax	67	1
Adjustments in respect of previous periods	-	-
Tax on results of ordinary activities	67	1

The tax assessed for the year differs from the standard rate of corporation tax in the UK as follows:

Profit on ordinary activities before tax	<u>109</u>	<u>29</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom at 19% (2017: 20%)	21	6
Pension liability adjustment	(36)	(29)
Other differences	20	3
Effect of changes in tax rates and laws	-	7
Deferred tax asset not recognised	<u>62</u>	<u>14</u>
Tax on results of ordinary activities	67	1
Tax charge per the accounts	<u>67</u>	<u>1</u>

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

7. TANGIBLE FIXED ASSETS

	Motor Vehicles £'000	Other fixed assets £'000	Property and tenants' improvements £'000	Totals £'000
COST				
At 31 March 2017	43	124	250	417
Additions	-	-	-	-
Disposals	-	(17)	-	(17)
At 31 March 2018	43	107	250	400
DEPRECIATION				
At 31 March 2017	26	97	50	173
Charge for year	7	27	17	51
Deprecation on disposal	-	(17)	-	(17)
At 31 March 2018	33	107	67	(207)
NET BOOK VALUE				
At 31 March 2018	10	-	183	193
At 31 March 2017	17	27	200	244

8. STOCKS

	2018 £'000	2017 £'000
Goods for resale	420	371
	<u>420</u>	<u>371</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Trade debtors	29	12
Amounts due from group undertakings	762	100
Other debtors	86	93
	<u>877</u>	<u>205</u>

Intercompany balances are interest free.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Trade creditors	5	77
Amounts owed to group undertakings	4,893	2,409
Social security and other taxes	30	28
VAT	843	1,265
Other creditors	26	22
Accruals and deferred income	813	233
	<u>6,610</u>	<u>4,034</u>

Included in other creditors (2017 - accruals and deferred income) are pension contributions of £20,898 (2017 – £17,420).

Intercompany balances are interest free.

11. DEFERRED GOVERNMENT GRANTS

	2018	2017
	£'000	£'000
Opening balance	80	86
Amortised in year	(7)	(6)
Closing balance	<u>73</u>	<u>80</u>

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND OPERATING LEASES

At the reporting year end date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018	2017
	£'000	£'000
Within one year	383	873
Between one and five years	216	305
	<u>599</u>	<u>1,178</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £'000	2017 £'000
1	Ordinary	100p	<u>-</u>	<u>-</u>

14. RETAINED EARNINGS

The profit and loss account reserve represents cumulative realisable profits and losses.

15. EMPLOYEE BENEFIT OBLIGATIONS

The company operates a defined benefit pension scheme.

Certain employees of the company are members of North East of Scotland Pension Fund, a Local Government Pension Scheme. Premiums in the year relating to those employees amounted to £163,000 (2017 - £141,000). In the year to 31 March 2018 the employer contribution rate was 15.2% (2017 – 15.2%).

The fund is reviewed every three years by a professionally qualified independent actuary using the projected unit credit actuarial cost method, the rates of contribution payable being determined by the directors on the advice of the actuaries. In the intervening years the actuaries will review the progress of the scheme and prepare an interim valuation for the purposes of reporting under FRS 102. The last actuarial valuation was carried out at 31 March 2015. The value of the fund at 31 March 2018 was as follows.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2018 £'000	2017 £'000
Present value of funded benefit obligation	2,308	1,582
Fair value of plan assets	<u>(1,660)</u>	<u>(1,292)</u>
Deficit	<u>648</u>	<u>290</u>

A deferred tax asset has not been recognised in respect of the above deficit on the basis that there is insufficient certainty over the availability of future taxable profits.

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2018 £'000	2017 £'000
Current service cost	327	185
Net interest cost	4	1
Administration expenses	<u>4</u>	<u>4</u>
	<u>335</u>	<u>190</u>
Actual return on plan assets	<u>119</u>	<u>125</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018****15. EMPLOYEE BENEFIT OBLIGATIONS continued**

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Opening defined benefit obligation	1,582	604
Current service cost	327	185
Interest on pension liabilities	40	22
Member contributions	72	64
Actuarial losses on liabilities	198	607
Actuarial loss on assumptions	124	143
Benefits/transfers paid	(35)	(43)
	<u>2,308</u>	<u>1,582</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Opening fair value of scheme assets	1,292	507
Employer contributions	163	141
Member contributions	72	64
Interest on plan assets	36	21
Re-measurements	136	606
Administration expenses	(4)	(4)
Benefits / transfers paid	(35)	(43)
	<u>1,660</u>	<u>1,292</u>

The amounts recognised in the statement of comprehensive income are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Actuarial losses / (gains)	186	144
	<u>186</u>	<u>144</u>
Cumulative amount of actuarial losses / (gains)	<u>186</u>	<u>144</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018****15. EMPLOYEE BENEFIT OBLIGATIONS continued**

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
Equities	65.7%	68.0%
Government bonds	7.5%	11.1%
Other bonds	1.3%	1.6%
Property	7.3%	7.0%
Cash/liquidity	1.6%	1.5%
Other	16.6%	10.8%
	<u>100.0%</u>	<u>100.0%</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2018	2017
Discount rate	2.7%	2.6%
Future salary increases	3.7%	3.1%
Future pension increases	2.3%	2.1%
Rate of CPI inflation	2.2%	2.1%
Life expectancy	Males	Males
Current pensioners	22.7 years	21.9 years
Future pensioners	25.6 years	23.5 years
Life expectancy	Females	Females
Current pensioners	24.9 years	24.1 years
Future pensioners	27.9 years	26.3 years

16. RELATED PARTY DISCLOSURES

During the current and previous year, the company was controlled by Aberdeen City Council.

The company is a wholly owned subsidiary of Aberdeen City Council. The results of the company are included within the consolidated accounts of Aberdeen City Council. The company has taken advantage of section 33 of FRS 102 which allows exemption from disclosure of related party transactions with other wholly owned group companies.

17. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Aberdeen City Council, a local authority organisation operating in Scotland. Copies of the audited accounts can be obtained from Aberdeen City Council, Marischal College, Broad Street, Aberdeen or online at www.aberdeencity.gov.uk.