

REGISTERED NUMBER: SC432814

BON ACCORD SUPPORT SERVICES LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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FOR THE YEAR ENDED 31 MARCH 2016**

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BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016**

DIRECTORS

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

REGISTERED OFFICE

**Archibald Simpson House
27-29 King Street
Aberdeen
AB24 5AA**

REGISTERED NUMBER

SC432814

AUDITOR

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

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016

The Directors present their Strategic Report for the year ended 31 March 2016.

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 learning and development 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.

These accounts summarise the financial position for the year to 31 March 2016. The company shows a turnover of £26,223,147 upon which it recorded a profit after tax of £106,433.

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 could force Aberdeen City Council to reduce its investment in adult care services. The company will always aim to deliver the maximum levels of quality care within the contract sum awarded by our customers.

The Directors anticipate continued financial austerity within the public sector for the foreseeable future and are planning accordingly.

During contract negotiations for 2015/16 the company was asked to look at ways to develop approximately £700,000 of economies from the original contract proposal submitted. These economies were achieved by the re-configuration of part of the Occupational Therapy Enablement service, whilst improving the overall service provision. The service was changed from an Occupational Therapy led service to an embedded model with approximately 120 (to date) of our Personal Carer staff being trained to deliver the enablement service. The expansion of this programme continues. This initiative has had the benefit of expanding the enablement service from one delivered by a small team to one delivered by a large group of trained staff who deal directly with a greatly expanded client base.

In addition to the efficiency delivered above the company had to face up to increased Employer Pension Contribution costs arising from the company's sub-contractor's staff membership of the North East of Scotland Pension Fund. Employer pension contributions rose from 15.2% to 17.3% - an additional cost of £320,000 in 2015/16. This increase arose from the pension funds triennial review and is targeted at recovering the fund deficit over an extended period of time. The additional cost had to be absorbed by Bon Accord Support Services Limited as this was an item that could not be covered by any contractual sum increases.

In summary, via the reconfiguration of Enablement services, improved staff utilisation, reduction in staff sickness levels and the development of an internal support staff pool (replacing more expensive bought-in agency staffing) the company has delivered over £1 Million of annual recurring efficiency savings in 2015/16. This has been a successful year and one that has delivered the aspirations of the Board and of our customer Aberdeen City Council.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

Looking ahead the company will, from this strong base, continue to work towards delivering the maximum high quality care to the citizens of Aberdeen. The Board is acutely aware of the financial pressures facing Aberdeen City Council and consequently the Board recognises the part the company must play in helping Aberdeen City Council meet its financial obligations. Over the coming years the company expects to be required to deliver further improvements in efficiency as the public purse reduces and demand for our services increases. Many initiatives are being pursued and developed and the company aims to innovate in order to meet its business targets in the coming years.

Finally, 2016 has seen the launch of our new commercial initiative, City Home Helpers. The company will deliver a wide variety high quality flexible home help services to its customers. The City Home Helpers project is still very much in the start-up phase however there are signs of business increasing and by the end of 2016/17 the company hopes the project will be trading at a profitable level, thereby helping the company meet its financial targets.

ON BEHALF OF THE BOARD:

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

JOHN MACLEAN

FINANCE DIRECTOR

DATE: 30th September 2016

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2016**

The directors present their report with the financial statements of the company for the year ended 31 March 2016.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2016.

DIRECTORS

The directors shown below have held office during the whole of the year from 1 April 2015 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 AUDITORS

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 auditors are 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 auditors are aware of that information.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2016**

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: 30th September 2016

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2016**

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
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BON ACCORD SUPPORT SERVICES LIMITED

We have audited the financial statements of Bon Accord Support Services Limited for the year ended 31 March 2016 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page eight, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material misstatements and material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2016 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BON ACCORD SUPPORT SERVICES LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

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

5 October 2016

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2016**

CONTINUING OPERATIONS	Notes	2016	2015
		£	£
TURNOVER	3	26,223,147	26,025,585
Cost of sales		<u>(24,530,295)</u>	<u>(24,454,953)</u>
GROSS PROFIT		1,692,852	1,570,632
Administrative expenses		<u>(2,148,361)</u>	<u>(1,921,814)</u>
		(455,509)	(351,182)
Other operating income		<u>550,138</u>	<u>420,286</u>
OPERATING PROFIT	5	94,629	69,104
Interest receivable and similar income		13,491	6,034
Other finance costs		<u>-</u>	<u>(1,000)</u>
PROFIT BEFORE TAX		108,120	74,138
Corporation tax	6	<u>(1,687)</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		<u>106,433</u>	<u>74,138</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

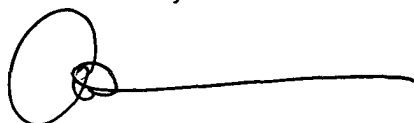
**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016 £	2015 £
PROFIT FOR THE FINANCIAL YEAR		106,433	74,138
Other comprehensive income			
Actuarial gain / (loss) on defined benefit pension scheme	15	<u>34,000</u>	<u>(11,000)</u>
Other comprehensive income / (expense) for the year		<u>34,000</u>	<u>(11,000)</u>
TOTAL OF COMPREHENSIVE INCOME FOR THE YEAR		<u>140,433</u>	<u>63,138</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**BALANCE SHEET
31 MARCH 2016**

		2016 £	2015 £
	Notes		
FIXED ASSETS			
Tangible assets	7	246,934	276,507
CURRENT ASSETS			
Stocks	8	351,115	325,378
Debtors	9	216,100	1,674,363
Cash in hand		2,891,208	810
		<u>3,458,423</u>	<u>2,000,551</u>
CREDITORS			
Amounts falling due within one year	10	<u>(4,003,131)</u>	<u>(2,730,598)</u>
NET CURRENT LIABILITIES		<u>(544,708)</u>	<u>(730,047)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(297,774)</u>	<u>(453,540)</u>
DEFERRED GOVERNMENT GRANTS	11	(86,666)	(93,333)
PENSION LIABILITY	15	<u>(97,000)</u>	<u>(75,000)</u>
NET LIABILITIES		<u>(481,440)</u>	<u>(621,873)</u>
CAPITAL AND RESERVES			
Called up share capital	13	1	1
Retained earnings	14	<u>(481,441)</u>	<u>(621,874)</u>
SHAREHOLDER'S DEFICIT		<u>(481,440)</u>	<u>(621,873)</u>

The financial statements were approved by the Board of Directors on 30th September 2016 and were signed on its behalf by:



John MacLean

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 April 2014		<u>1</u>	<u>(685,012)</u>	<u>(685,011)</u>
Profit and total comprehensive income for the year		-	74,138	74,138
Actuarial loss on defined benefit pension scheme		-	<u>(11,000)</u>	<u>(11,000)</u>
Balance at 31 March 2015		<u>1</u>	<u>(621,874)</u>	<u>(621,873)</u>
Profit and total comprehensive income for the year		-	106,433	106,433
Actuarial gain on defined benefit pension scheme	15	-	<u>34,000</u>	<u>34,000</u>
Balance at 31 March 2016		<u>1</u>	<u>(481,441)</u>	<u>(481,440)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. ACCOUNTING POLICIES

Company information

Bon Accord Support Services Limited is a limited company domiciled and incorporated in Scotland. The registered office is Archibald Simpson House, 27-29 King Street, ABERDEEN, AB24 5AA.

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 pound.

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.

These financial statements for the year ended 31 March 2016 are the first financial statements of Bon Accord Support Services Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The transitional adjustments can be seen within the Reconciliations on adoption of FRS 102 detailed in note 17.

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 2016. The year has by any measure been a successful one in that contracted activity levels have been met, quality is improved (as measured by the Care Commission grading system) and the company delivered £1 Million of recurring savings.

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.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

NOTES TO THE FINANCIAL STATEMENTS continued FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES – continued

The company continues to show an accumulated deficit at 31 March 2016. The 2015/16 profits reduce but do not negate the brought forward deficit arising from the initial 8 months of trading and 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 creditors falling legally due until at least 30 September 2017.

Having obtained the agreement of Aberdeen City Council to continue to support the company in these circumstances the Directors are satisfied that it is appropriate to prepare the accounts on a going concern basis.

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax and is recognised when the company has earned the rights to consideration.

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.

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 any 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.

1. ACCOUNTING POLICIES – continued

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 14.

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.

3. TURNOVER

The directors consider that the company's entire turnover in the year was generated in the United Kingdom.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2016****4. STAFF COSTS**

	2016 £	2015 £
Wages and salaries	946,613	432,988
Social security costs	75,605	35,970
Other pension costs	169,554	79,970
	<u>1,191,772</u>	<u>548,928</u>

The average monthly number of employees during the year was as follows:

	2016	2015
Administration	<u>33</u>	<u>15</u>
	<u>33</u>	<u>15</u>

5. OPERATING PROFIT

The operating profit / is stated after charging:

	2016 £	2015 £
Depreciation – owned assets	29,573	29,624
Auditor remuneration	5,975	6,405
Other operating leases	<u>1,042,229</u>	<u>1,050,434</u>
Directors' remuneration	163,086	161,750
Directors' fees	26,350	26,500
Directors' pension contributions	<u>24,561</u>	<u>24,358</u>

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

Defined benefit pension scheme	<u>2</u>	<u>2</u>
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Emoluments of highest paid Director:

Aggregate emoluments	94,136	93,358
Company pension contributions	14,309	14,190
Accrued pension benefit	4,546	2,605
	<u>112,991</u>	<u>110,153</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2016****6. Tax on profit on ordinary activities**

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

	2016	2015
	£	£
UK corporation tax	-	-
Adjustments in respect of previous periods	<u>1,687</u>	<u>-</u>
Tax on results of ordinary activities	<u>1,687</u>	<u>-</u>

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>108,120</u>	<u>74,138</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom at 20% (2015: 21%)	21,624	15,569
Prior year adjustment	1,687	-
Expenses not deductible for tax purposes	1,048	-
Group relief surrendered	4,455	-
Pension liability adjustment	11,200	1,260
Fixed asset difference	3,338	3,505
Deferred tax asset not recognised	<u>(41,665)</u>	<u>(20,334)</u>
Tax on results of ordinary activities	<u>1,687</u>	<u>-</u>
Tax charge per the accounts	<u>1,687</u>	<u>-</u>

During 2016 the UK corporation tax rate was decreased. Following budget 2016 announcements there will be a further reduction in the main rate of corporation tax to 17% from 1 April 2020.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2016**

7. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Other fixed assets £	Property and tenants' improvements £	Totals £
COST				
At 1 April 2015	60,351	96,754	250,411	407,516
Additions	-	-	-	-
At 31 March 2016	<u>60,351</u>	<u>96,754</u>	<u>250,411</u>	<u>407,516</u>
DEPRECIATION				
At 1 April 2015	28,894	85,421	16,694	131,009
Charge for year	<u>7,212</u>	<u>5,666</u>	<u>16,695</u>	<u>29,573</u>
At 31 March 2016	<u>36,106</u>	<u>91,087</u>	<u>33,389</u>	<u>160,582</u>
NET BOOK VALUE				
At 31 March 2016	<u>24,245</u>	<u>5,667</u>	<u>217,022</u>	<u>246,934</u>
At 31 March 2015	<u>31,457</u>	<u>11,333</u>	<u>233,717</u>	<u>276,507</u>

8. STOCKS

	2016 £	2015 £
Goods for resale	<u>351,115</u>	<u>325,378</u>
	<u>351,115</u>	<u>325,378</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	14,364	46,403
Amounts due from group undertakings	194,990	1,618,337
Other debtors	<u>6,746</u>	<u>9,623</u>
	<u>216,100</u>	<u>1,674,363</u>

The amounts due from group undertakings includes in 2015, £475,000 cash deposited in an interest bearing bank account, nil in 2016. The cash was immediately available but loaned on a temporary basis to Aberdeen City Council who manage the investment on the company's behalf.

Intercompany balances are interest free.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2016****10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016	2015
	£	£
Bank overdrafts	-	103,618
Trade creditors	96,761	34,951
Amounts owed to group undertakings	2,414,890	1,689,616
Social security and other taxes	27,139	11,347
VAT	1,156,814	576,191
Other creditors	8,840	5,949
Accruals and deferred income	298,687	308,926
	<u>4,003,131</u>	<u>2,730,598</u>

Included in accruals and deferred income are pension contributions of £8,840 (2015 – £7,590)

Intercompany balances are interest free.

11. DEFERRED GOVERNMENT GRANTS

	2016	2015
	£	£
Opening balance	93,333	100,000
Amortised in year	<u>(6,667)</u>	<u>(6,667)</u>
Closing balance	<u>86,666</u>	<u>93,333</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:

	Land and buildings	
	2016	2015
	£	£
Leases expiring:		
Within one year	936,100	946,850
Between one and five years	1,245,013	2,202,975
In over five years	-	-
	<u>2,181,113</u>	<u>3,149,825</u>

Total commitments under non-cancellable operating leases amount to £2,181,113.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2016**

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 £	2015 £
1	Ordinary	100p	<u>1</u>	<u>1</u>

14. RETAINED EARNINGS

The profit and loss account reserve represents cumulative realisable profit 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 £117,000 (2015 - £61,000). In the year to 31 March 2016 the employer contribution rate was 15.2% (2015 – 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 2016 was as follows.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2016 £	2015 £
Present value of funded benefit obligation	604,000	407,000
Fair value of plan assets	<u>(507,000)</u>	<u>(332,000)</u>
Deficit	<u>97,000</u>	<u>75,000</u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2016 £	2015 £
Current service cost	170,000	80,000
Interest on pension liabilities	-	1,000
Expected return on assets	<u>3,000</u>	<u>2,000</u>
	<u>173,000</u>	<u>83,000</u>
Actual return on plan assets	<u>8,000</u>	<u>29,000</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2016****14. EMPLOYEE BENEFIT OBLIGATIONS continued**

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

	Defined benefit pension plans	
	2016	2015
	£	£
Opening defined benefit obligation	407,000	255,000
Current service cost	170,000	80,000
Interest on pension liabilities	14,000	13,000
Member contributions	53,000	30,000
Actuarial losses on liabilities	-	(28,000)
Actuarial (gain) / loss on assumptions	(40,000)	56,000
Benefits/transfers paid	-	1,000
Business combinations	-	-
	<u>604,000</u>	<u>407,000</u>

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

	Defined benefit pension plans	
	2016	2015
	£	£
Opening fair value of scheme assets	332,000	213,000
Employer contributions	117,000	61,000
Member contributions	53,000	30,000
Interest on plan assets	14,000	12,000
Re-measurements	(6,000)	17,000
Administration expenses	(3,000)	(2,000)
Benefits / transfers paid	-	1,000
Business combinations	-	-
	<u>507,000</u>	<u>332,000</u>

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

	Defined benefit pension plans	
	2016	2015
	£	£
Actuarial (gains) / losses	<u>(34,000)</u>	<u>11,000</u>
	<u>(34,000)</u>	<u>11,000</u>
Cumulative amount of actuarial (gains) / losses	<u>(34,000)</u>	<u>11,000</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2016****14. EMPLOYEE BENEFIT OBLIGATIONS continued**

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

	Defined benefit pension plans	
	2016	2015
Equities	77.4%	78.4%
Government bonds	10.9%	6.7%
Other bonds	2.4%	1.9%
Property	8.5%	6.4%
Cash/liquidity	0.8%	2.4%
Other	-	4.2%
	<u>100.0%</u>	<u>100.0%</u>

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

	2016	2015
Discount rate	3.6%	3.4%
Future salary increases	3.5%	3.6%
Future pension increases	2.0%	2.1%
Rate of CPI inflation	2.0%	2.1%
Life expectancy	Males	Males
Current pensioners	22.2 years	22.1 years
Future pensioners	24.4 years	24.3 years
Life expectancy	Females	Females
Current pensioners	24.8 years	24.7 years
Future pensioners	27.6 years	27.5 years

Amounts for the current year are as follows:

	2016	2015
	£	£
Defined benefit pension plans		
Defined benefit obligation	604,000	407,000
Fair value of scheme assets	<u>507,000</u>	<u>332,000</u>
Deficit	<u>97,000</u>	<u>75,000</u>

15. 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 group companies.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2016**

16. 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.

17. RECONCILIATIONS ON ADOPTION OF FRS 102

Reconciliation of equity

	Notes	Previous UK GAAP £	Effect of transition £	At 1 April 2014 FRS 102 £	Previous UK GAAP £	Effect of transition £	At 31 March 2015 FRS 102 £
Fixed Assets							
Tangible fixed assets		258,352	-	258,352	276,507	-	276,507
Current assets							
Stocks		113,623	-	113,623	325,378	-	325,378
Debtors		1,806,614	-	1,806,614	1,674,363	-	1,674,363
Cash in hand		710	-	710	810	-	810
		<u>1,920,947</u>	<u>-</u>	<u>1,920,947</u>	<u>2,000,551</u>	<u>-</u>	<u>2,000,551</u>
Creditors due within one year							
Loans and overdrafts		60,489	-	60,489	103,618	-	103,618
Trade creditors		217,875	-	217,875	34,951	-	34,951
Amounts owed to group undertakings	1b	242,796	254,676	497,472	1,485,702	205,629	1,691,331
Social Security and other taxes		10,150	-	10,150	11,347	-	11,347
VAT		1,524,741	-	1,524,741	576,191	-	576,191
Other creditors		9,308	-	9,308	5,949	-	5,949
Accrual and deferred income	1a	397,796	4,479	402,275	302,619	4,592	307,211
		<u>2,463,155</u>	<u>259,155</u>	<u>2,722,310</u>	<u>2,520,377</u>	<u>210,221</u>	<u>2,730,598</u>
Net current (liabilities)/assets		<u>(542,208)</u>	<u>(259,155)</u>	<u>(801,363)</u>	<u>(519,826)</u>	<u>(210,221)</u>	<u>(730,047)</u>
Total assets less current liabilities		<u>(283,856)</u>	<u>(259,155)</u>	<u>(543,011)</u>	<u>(243,319)</u>	<u>(210,221)</u>	<u>(453,540)</u>
Deferred Government costs		(100,000)	-	(100,000)	(93,333)	-	(93,333)
Pension liability		(42,000)	-	(42,000)	(75,000)	-	(75,000)
Net liabilities		<u>(425,856)</u>	<u>(259,155)</u>	<u>(685,011)</u>	<u>(411,652)</u>	<u>(210,221)</u>	<u>(621,873)</u>
Equity							
Share capital		1	-	1	1	-	1
Profit and loss		<u>(425,857)</u>	<u>(259,155)</u>	<u>(685,012)</u>	<u>(411,653)</u>	<u>(210,221)</u>	<u>(621,874)</u>
Net liabilities		<u>(425,856)</u>	<u>(259,155)</u>	<u>(685,011)</u>	<u>(411,652)</u>	<u>(210,221)</u>	<u>(621,873)</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**RECONCILIATIONS ON ADOPTION OF FRS 102
FOR THE YEAR ENDED 31 MARCH 2016****17. RECONCILIATIONS ON ADOPTION OF FRS 102 (continued)****Reconciliation of profit or loss for the year**

		Previous UK GAAP £	At 31 March 2015 Effect of transition £	FRS 102 £
	Notes			
Turnover		26,025,585	-	26,025,585
Cost of sales	1c / 2a	<u>(24,503,000)</u>	<u>48,047</u>	<u>(24,454,953)</u>
Gross profit		1,522,585	48,047	1,570,632
Administrative expenses	1c / 2b	(1,919,701)	(2,113)	(1,921,814)
Other operating income		<u>420,286</u>	<u>-</u>	<u>420,286</u>
Operating profit		23,170	45,934	69,104
Interest receivable and similar income		6,034	-	6,034
Other finance income / (cost)	2c	<u>2,000</u>	<u>(3,000)</u>	<u>(1,000)</u>
Profit before taxation		<u>31,204</u>	<u>42,934</u>	<u>74,138</u>

1. Holiday pay accrual

- a) On the date of transition and in accordance with FRS 102, a holiday pay accrual has been recognised to account for unused holiday entitlement.
- b) The inclusion of a holiday pay accrual in the accounts of a fellow subsidiary, Bon Accord Care Limited, has a direct impact on intercompany recharges and these have been adjusted accordingly.
- c) The decrease in cost of sales relates to the decrease in the intercompany charge during the year, arising from movement in the holiday pay accrual. The decrease in administrative expenses relates to the reduction of the company's holiday pay accrual.

2. Pension adjustments

Under FRS102, the allocation of the movement in pension fund deficit is different to previous UK GAAP and results in an increased amount being recognised in expenditure for the year ended 31 March 2015. Administrative expenses increased by £3,000 and other finance costs by £3,000. Actuarial losses recognised in other comprehensive income reduced by £6,000.