

BON ACCORD CARE LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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FOR THE YEAR ENDED 31 MARCH 2015**

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BON ACCORD CARE LIMITED (SC416826)

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2015**

DIRECTORS

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

REGISTERED OFFICE

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

REGISTERED NUMBER

SC416826

AUDITORS

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

BON ACCORD CARE LIMITED (SC416826)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2015**

The Directors present their Strategic Report for the year ended 31 March 2015.

Bon Accord Care Limited provides 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 to Bon Accord Support Services which itself acts on behalf of Aberdeen City Council to provide these services. The company operates to a trading break even position with its sole customer Bon Accord Support Services Ltd. Financial activity through the company is exclusively payroll related, the company employing approximately 800 staff.

The company is wholly owned by Aberdeen City Council.

These accounts summarise the financial position for the year to 31 March 2015. The company shows a turnover of £20,133,276. The company aims to show a trading break-even on the business associated with its sole customer Bon Accord Support Services. This was achieved prior to an adjustment for pension deficit.

The accounts reflect the actuarially assessed pension deficit of £10,219,000, an increase in the reported deficit of £2,024,000 since 31 March 2014. The deficit is associated with our staff who are members of the North East Scotland Pension Fund, a Local Government Pension Scheme. Once this is reflected in the accounts the company reports a loss for the year of £869,000 and a total recognised loss for the year amounting to £2,024,000. The pension fund is an average career salary pension arrangement. The deficit is reflected in our financial statements in accordance with FRS17 guidance.

Given this issue the Directors of the company have sought and have received the written assurance of Aberdeen City Council to its commitment to on-going financial support for the company.

Bon Accord Care exists solely to supply care to the adult population of the Aberdeen City Council area.

This business is funded entirely by Aberdeen City Council via a sub-contract from Bon Accord Support Services Ltd. The financial pressures placed upon public bodies such as Aberdeen City Council present the most significant element of business risk to the company. Financial austerity within the public sector could, in the future, force Aberdeen City Council to reduce their 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.

2015/16 has seen an increase in employer pension contribution from 15.2% of pensionable pay to 17.3% to recover over time the actuarially assessed pension deficit. The company will continue to trade at break-even with any additional staff pension costs being recovered through the sub-contract with Bon Accord Support Services Limited if appropriate, however the company will aim to contain the additional pension cost within the existing sub-contracted sum.

**STRATEGIC REPORT continued
FOR THE YEAR ENDED 31 MARCH 2015**

The drive to reduce unit price will continue. The management of the company is addressing this by various efficiency measures to tackle and continue to reduce the sickness levels in existence when staff transferred over to Bon Accord Care, staff productivity is targeted through improved staff deployment by the careful revision of staff rotas to drive down unproductive time and reduce the use of agency staff. Management of our staff is targeted to be improved by increased use of our main operational management tool CM2000, the benefits of greater visibility of operational activity is now beginning to yield significant benefits to line management. Services are being constantly re-examined to ensure the care delivery structure is appropriate and to make changes in service configurations where appropriate.

The company will deliver increasing levels of high quality care on a year on year basis.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a horizontal line that ends in a small loop.

JOHN A MACLEAN

FINANCE DIRECTOR

DATE: 25 September 2015

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2015**

The directors present their report with the financial statements of the company for the year ended 31 March 2015.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2015.

DIRECTORS

The directors shown below have held office during the whole of the year from 1 April 2014 to the date of this report:

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

Employee Policy

Bon Accord Care Ltd. employs staff regardless of race, gender, disability or sexual orientation. The company aims to apply best industry practice in supporting all staff to perform to the best of their abilities in their role within the organisation.

Staff Involvement

Bon Accord Care Limited believes strongly in open, honest and clear communication with all levels of staff within the organisation. The company also believe that communication must work both ways so staff are empowered to have confidence that if issues or concerns are raised they will be heard and acted upon as appropriate.

The company uses several methods to communicate to and involve staff in the management of the company. These are as follows:

1. BAC Chat: this is a quarterly newsletter in a "magazine" format sent to all staff and includes detail of developments in the company, new policies, company performance and any and all other information that is relevant or of interest to staff members.
2. Chat BAC: this is published 8 times each year, monthly when BAC Chat is not published. This is also sent to all staff and is a brief update on what is happening in the company.
3. Staff forums are held in all the main work areas quarterly, these are run by the Managing Director and are organised as a drop-in meeting open to all staff so they can raise issues or concerns directly with senior management of the organisation.
4. Senior management meet with union representatives on a monthly basis.
5. The company operates a scheme that reward staff with a Union Square voucher for i.e. a special achievement or simply working above and beyond the call of duty.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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 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.

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.

AUDITORS

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

ON BEHALF OF THE BOARD:



JOHN A MACLEAN

FINANCE DIRECTOR

DATE: 25 September 2015

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BON ACCORD CARE LIMITED

We have audited the financial statements of Bon Accord Care Limited for the year ended 31 March 2015 on pages ten to twenty-one. 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).

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page seven, 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 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 2015 and of its loss 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.

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 director's remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.



Jean Main (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP
Chartered Accountants and Registered Auditors
29 Albyn Place
Aberdeen
AB10 1YL

25 September 2015

BON ACCORD CARE LIMITED (SC416826)**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	Normal Operations £	Pension Adjustment £	2015 £	1.8.13 – 31.3.14 £
TURNOVER	2	20,133,276	-	20,133,276	12,850,759
Cost of sales		<u>(20,078,616)</u>	<u>(1,234,000)</u>	<u>(21,312,616)</u>	<u>(13,421,272)</u>
GROSS PROFIT / (LOSS)		54,660	(1,234,000)	(1,179,340)	(570,513)
Administrative expenses		<u>(207,361)</u>	<u>-</u>	<u>(207,361)</u>	<u>(137,232)</u>
		(152,701)	(1,234,000)	(1,386,701)	(707,745)
Other operating income		<u>145,658</u>	<u>-</u>	<u>145,658</u>	<u>28,127</u>
OPERATING LOSS		(7,043)	(1,234,000)	(1,241,043)	(679,618)
Interest receivable and similar income		7,043	-	7,043	3,618
Other finance income		<u>-</u>	<u>365,000</u>	<u>365,000</u>	<u>198,000</u>
LOSS FOR THE FINANCIAL YEAR		<u><u>-</u></u>	<u><u>(869,000)</u></u>	<u><u>(869,000)</u></u>	<u><u>(478,000)</u></u>

CONTINUING OPERATIONS

All the company's activities were acquired in the prior year.

The notes form part of the financial statements

BON ACCORD CARE LIMITED (SC416826)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2015**

	2015	1.8.13 – 31.3.14
	£	£
LOSS FOR THE FINANCIAL YEAR	(869,000)	(478,000)
Actuarial loss on defined benefit pension scheme	(1,155,000)	(479,000)
Transfer of pension deficit	-	(7,238,000)
	<hr/>	<hr/>
TOTAL OF RECOGNISED LOSSES RELATING TO THE YEAR	(2,024,000)	(8,195,000)
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The notes form part of the financial statements

BON ACCORD CARE LIMITED (SC416826)

**BALANCE SHEET
31 MARCH 2015**

		2015 £	2014 £
CURRENT ASSETS	Notes		
Debtors	5	1,632,495	858,327
Cash at bank and in hand		-	5,066
		<u>1,632,495</u>	<u>863,393</u>
CREDITORS			
Amounts falling due within one year	6	<u>(1,632,395)</u>	<u>(863,293)</u>
NET CURRENT ASSETS		<u>100</u>	<u>100</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		100	100
PENSION LIABILITY		<u>(10,219,000)</u>	<u>(8,195,000)</u>
NET ASSETS		<u><u>(10,218,900)</u></u>	<u><u>(8,194,900)</u></u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account	8	<u>(10,219,000)</u>	<u>(8,195,000)</u>
SHAREHOLDERS' FUNDS	11	<u><u>(10,218,900)</u></u>	<u><u>(8,194,900)</u></u>

The financial statements were approved by the Board of Directors on 25th September 2015 and were signed on its behalf by:



John A MacLean

The notes form part of the financial statements

BON ACCORD CARE LIMITED (SC416826)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	2015 £	1.8.13 – 31.3.14 £
Net cash (outflow) / inflow from operating activities	1	(15,600)	4,957
Returns on investments and servicing of finance	2	<u>7,043</u>	<u>109</u>
(Decrease) / increase in cash in the year		<u>(8,557)</u>	<u>5,066</u>

Reconciliation of net cash flow to movement in net funds	3		
(Decrease) / increase in cash in the year		(8,557)	5,066
Cash outflow from decrease in debt		<u>-</u>	<u>-</u>
Change in net debt resulting from cash flows		<u>(8,557)</u>	<u>5,066</u>
Movement in net funds in the year			
Net funds at 1 April 2014		<u>5,066</u>	<u>-</u>
Net funds at 31 March 2015		<u>(3,491)</u>	<u>5,066</u>

The notes form part of the financial statements

BON ACCORD CARE LIMITED (SC416826)**NOTES TO THE CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015****1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2015 £	1.8.13 – 31.3.14 £
Operating loss	(1,241,043)	(679,618)
(Increase) in debtors	(774,168)	(854,718)
Increase in creditors	765,611	863,293
Excess of current service cost over pension contributions paid	1,234,000	676,000
Net cash (outflow) / inflow from operating activities	(15,600)	4,957

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2015 £	1.8.13 – 31.3.14 £
Returns on investments and servicing of finance		
Interest received	7,043	109
Net cash inflow from returns on investments and servicing of finance	7,043	109

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.14 £	Cash flow £	At 31.3.15 £
Net cash:			
Cash at bank and in hand	5,066	(5,066)	0
Bank overdraft	-	(3,491)	(3,491)
TOTAL	5,066	(8,557)	(3,491)

The notes form part of the financial statements

1. ACCOUNTING POLICIES

Accounting Convention

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

Going Concern

The company expects to trade on a break-even basis for the foreseeable future, maximising the provision of care provided to the people of Aberdeen within the contracted sum. The pension deficit arising from the company's future commitments under North East Scotland Pension Fund clearly presents issues regarding the longer term going concern status of the company.

The company supplies its services to Bon Accord Support Services Limited (BASS) who in turn are contracted by Aberdeen City Council. BASS reported a trading profit for the year to 31st March 2015 however the company continues to carry a brought forward deficit relating to its first 8 months of operation. Since that initial trading period BASS has successfully re-negotiated its core contract with Aberdeen City Council and is now expected to trade in profit or at break-even for the foreseeable future. This position is a reversal of that noted in the previous year accounts.

Given the deficit position of BASS and the pension liability noted within the accounts the company has sought written assurance from the company's sole shareholder, Aberdeen City Council, to its on-going financial support of the company. Aberdeen City Council have confirmed that they are not aware of any current plans to withdraw the funding currently in place or any other financial support within 12 months from the date of approval of the financial statements. If their position was to change Aberdeen City Council will communicate this immediately to the company.

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.

Corporation Tax

Bon Accord Care Limited has been set up to exclusively provide Aberdeen City Council funded adult care services. The care provided does not involve a profit motive rather the aim is to maximise the amount of care within the contracted sum awarded. As such Corporation Tax is unlikely to be levied upon the trading activities of the company for the foreseeable future however, unearned income such as interest receivable on bank deposits will be subject to Corporation Tax.

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.

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2015**

1. ACCOUNTING POLICIES continued

Pension Costs and other Post-Retirement Benefits continued

In accordance with FRS17 Retirement Benefits 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, are recognised as assets or liabilities within the company Balance Sheet.

2. TURNOVER

All of the company's turnover in the year was generated in the United Kingdom.

3. STAFF COSTS

	2015 £	1.8.13 – 31.3.14 £
Wages and salaries	16,771,077	10,632,195
Social security costs	1,102,030	719,606
Other pension costs	<u>3,439,509</u>	<u>2,069,471</u>
	<u>21,312,616</u>	<u>13,421,272</u>

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

	2015	1.8.13 – 31.3.14
Care Staff	<u>804</u>	<u>752</u>
	<u>804</u>	<u>752</u>

4. OPERATING LOSS

The operating loss is stated after charging:

	2015 £	1.8.13 – 31.3.14 £
Auditors remuneration	<u>6,250</u>	<u>-</u>

BON ACCORD CARE LIMITED (SC416826)**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2015****5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015 £	2014 £
Amounts due from group undertakings	1,631,186	830,000
Other debtors	1,309	28,327
	<u>1,632,495</u>	<u>858,327</u>

The amount due from group undertakings includes £1,558,000 (2014 - £830,000) cash deposited in an interest bearing bank account. The cash is immediately available but loaned on a temporary basis to Aberdeen City Council who manage the investment on the company's behalf.

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Bank overdraft	3,491	-
Amounts owed to group undertakings	998,712	290,966
Social security and other taxes	299,657	313,157
Other creditors	270,834	259,170
Accruals	59,701	-
	<u>1,632,395</u>	<u>863,293</u>

Included in other creditors are pension contributions of £247,610 (2014 – £247,226).

7. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015 £	2014 £
100	Ordinary	100p	<u>100</u>	<u>100</u>

8. RESERVES

	Profit and loss account	
	2015 £	2014 £
At 1 April 2014	(8,195,000)	-
Loss for the year	(869,000)	(478,000)
Actuarial loss on defined benefit pension scheme	(1,155,000)	(479,000)
Transfer of pension deficit	-	(7,238,000)
At 31 March 2015	<u>(10,219,000)</u>	<u>(8,195,000)</u>

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2015

9. 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. Premiums in the year relating to those employees amounted to £2,207,000 (2013/14 - £1,391,000). In the year to 31 March 2015 the employer contribution rate was 15.2% (2013/14 - 12.8%).

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 FRS17. The last actuarial valuation was carried out at 31 March 2014. The value of the fund at 31 March 2015 was as follows.

	Defined benefit pension plans	
	2015	2014
	£	£
Present value of funded benefit obligation	60,088,000	48,764,000
Fair value of plan assets	<u>(49,869,000)</u>	<u>(40,569,000)</u>
Deficit	<u>(10,219,000)</u>	<u>(8,195,000)</u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2015	1.8.13 – 31.3.14
	£	£
Current service cost	3,441,000	2,067,000
Interest on pension liabilities	2,225,000	1,363,000
Expected return on assets	<u>(2,590,000)</u>	<u>(1,561,000)</u>
	<u>3,076,000</u>	<u>1,869,000</u>
Actual return on plan assets	<u>4,675,000</u>	<u>1,945,000</u>

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

	Defined benefit pension plans	
	2015	2014
	£	£
Opening defined benefit obligation	48,764,000	-
Current service cost	3,441,000	2,067,000
Interest on pension liabilities	2,225,000	1,363,000
Member contributions	851,000	544,000
Actuarial losses on liabilities	5,461,000	863,000
Benefits/transfers paid	(654,000)	(503,000)
Business combinations	-	44,430,000
	<u>60,088,000</u>	<u>48,764,000</u>

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2015

9. EMPLOYEE BENEFIT OBLIGATIONS continued

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

	Defined benefit pension plans	
	2015	2014
	£	£
Opening fair value of scheme assets	40,569,000	-
Expected return on plan assets	2,590,000	1,561,000
Actuarial gains on assets	4,306,000	384,000
Business combinations	-	37,192,000
Employer contributions	2,207,000	1,391,000
Member contributions	851,000	544,000
Benefits/transfers paid	(654,000)	(506,000)
	<u>49,869,000</u>	<u>40,569,000</u>

The amounts recognised in the statement of recognised gains and losses are as follows:

	Defined benefit pension plans	
	2015	1.8.13 – 31.3.14
	£	£
Actuarial losses	<u>1,155,000</u>	<u>479,000</u>
	<u>1,155,000</u>	<u>479,000</u>
Cumulative amount of actuarial losses	<u>1,634,000</u>	<u>479,000</u>

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

	Defined benefit pension plans	
	2015	2014
Equities	78.4%	83.7%
Government bonds	6.7%	6.4%
Other bonds	1.9%	2.2%
Property	6.4%	5.8%
Cash/liquidity	2.4%	1.9%
Other	4.2%	-
	<u>100.0%</u>	<u>100.0%</u>

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

	2015	2014
Discount rate	3.3%	4.4%
Expected return on scheme assets	5.69%	6.2%
Future salary increases	3.5%	4.15%
Future pension increases	2.0%	2.4%
Rate of CPI inflation	2.0%	2.4%

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2015

9. EMPLOYEE BENEFIT OBLIGATIONS continued

Life expectancy	Males	Males
Current pensioners	22.1 years	22.4 years
Future pensioners	24.3 years	24.7 years
	Females	Females
Current pensioners	24.7 years	25.4 years
Future pensioners	27.5 years	27.8 years

Other expense deductions are as follows:

	2015 £	2014 £
Defined benefit pension plans		
Defined benefit obligation	60,088,000	48,764,000
Fair value of scheme assets	48,869,000	40,569,000
Deficit	(10,219,000)	(8,195,000)
Experience adjustments on scheme assets	4,306,000	384,000

10. 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 account of Aberdeen City Council. The company has taken advantage of paragraph 3 of FRS 8 Related Party Disclosures which allows exemption from disclosure of related party transactions with other group companies.

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2015 £	2014 £
Loss for the financial year	(869,000)	(478,000)
Issue of share capital	-	-
	<u>(869,000)</u>	<u>(478,000)</u>
Other recognised gains and losses relating to the year (net)	<u>(1,155,000)</u>	<u>(7,717,000)</u>
Net reduction of shareholders' funds	(2,024,000)	(8,195,000)
Opening shareholders' funds	<u>(8,194,900)</u>	<u>100</u>
Closing shareholders' funds	<u>(10,218,900)</u>	<u>(8,194,900)</u>

12. 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