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REGISTERED NUMBER: SC416826

BON ACCORD CARE LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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BON ACCORD CARE LIMITED (SC416826)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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

BON ACCORD CARE LIMITED (SC416826)

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020**

DIRECTORS

**Alexis Chappell
Tim Gardiner
Heather Gray
John MacLean
Alexander McKay
Andrew Newall
Sonia Roberts**

REGISTERED OFFICE

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

REGISTERED NUMBER

SC416826

AUDITOR

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

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The Directors present their Strategic Report for the year ended 31 March 2020.

Corporate Overview

Bon Accord Care Limited provides elderly care and occupational therapy 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 Limited 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 Limited. Financial activity through the company is almost exclusively payroll related, the company employing 686 permanent staff on average in 2019/20.

The company and its fellow subsidiary Bon Accord Support Services Limited are wholly owned by Aberdeen City Council, with the sole purpose of delivering care to the adult population of the Aberdeen City Council area.

Statement of Comprehensive Income

These accounts summarise the financial position for the year to 31 March 2020. The company reports a turnover of £23,030,000 (2018/19, £21,860,000). The company aims to show a trading break-even on the business associated with its sole customer Bon Accord Support Services Limited. This was achieved prior to an adjustment for an actuarial pension deficit.

Turning to the actual company performance in 2019/20 the Board is pleased to report another successful year for Bon Accord Care Limited. The company was asked to deliver further significant efficiency savings in the year whilst at the same time maintaining activity levels and quality standards. We are pleased to report that this was achieved, primarily through the introduction of new working practices established as part of the company's strategic review. These new practices allowed the streamlining of management and supervisory arrangements whilst increasing the number of front-line staff, thus increasing capacity and operational efficiency. We achieved many operational and financial benefits in 2019/20 and we expect the company and its services to benefit further in 2020/21 and beyond.

During the year Bon Accord Support Services Limited were formally contracted to provide specialist care at Kingswells Nursing Home where previously the service had been provided on a "Service of Last Resort" basis. This is a welcome endorsement of the high-quality service provided from this refurbished and modernised facility.

In the preparation of the accounts the company is obligated to include figures relating to a closely regulated actuarial assessment of the company pension arrangements. The assessment takes a view on the pension assets and pension liabilities and calculates the present value of the net assets or liabilities using tightly controlled assumptions regarding future investment returns, future pay inflation, mortality and the age profile of our staff pension membership. The assessment has resulted in the company showing an increase in the actuarially assessed pension deficit of £3,352,000. We now report the pension deficit total of £15,609,000 (2018/19, £12,257,000). The prescribed presentation of the £3,352,000 pension liability adjustment under FRS 102 means that we show a loss for the financial year of £4,292,000 less an actuarial gain of £940,000. Readers should note that the assessment does not result in any direct cash liability to the company; company and staff pension contributions are set separately by the North East Scotland Pension Fund.

Balance Sheet

Overall the net worth of the company has decreased by £3,352,000 in the year, a movement entirely due to the decrease 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 overall obligations under our pension arrangement. Aside from this we see that company net assets remain unchanged since last year.

Principal Risks and Uncertainties

The company is almost entirely funded by Aberdeen City Council through its sub-contract arrangement with Bon Accord Support Services Limited. Given that fact the financial pressures placed upon public bodies such as Aberdeen City Council present the most significant element of business risk to the company.

The Board considers this financial risk on the public sector to be twofold in the immediate and medium term. The immediate concern is managing the implications of the Covid-19 pandemic, this compounds the uncertainty surrounding the impact of Brexit. Both will have a negative influence on public sector funding in the medium and possible longer term. However, the Board recognises the potential risk this presents the company with. This is mitigated in part by the fact that Bon Accord Support Services Limited has an agreed contract for the next 4 trading years, securing our annual income levels over that contracted period.

The impact of managing the implications on the Covid-19 pandemic is significantly reducing the incomes and the funds available to Aberdeen City Council so requiring the organisation to strategically examine how it will meet its immediate financial demands whilst delivering the statutory services it provides. Undoubtedly funding from Central Government will become available however at the time of writing the level of funding is unclear.

Covid-19 clearly is significantly affecting the operations of Bon Accord Care directly as it manages the additional demands of managing and containing the virus to protect our vulnerable and elderly service users. The company's first priority is to protect our service users and staff, this drives our operations at present. There are additional costs arising from managing Covid-19. This is unavoidable. The Board is united in its aim to safeguard all who receive our services and all staff within the organisation. In short, the Boards prioritising safety over cost. As with Aberdeen City Council it is clear that additional central funds will become available to cover additional costs associated with dealing with Covid-19 however at the time of writing it is unclear what funds will become available and at what level so there remains a possibility that funding will not necessarily cover all the additional Covid-19 related service costs. The Board has examined the potential financial impact of Covid-19 and it is confident that the company has sufficient cash and working capital reserves to absorb the full impact of Covid-19 should central funding fall below our expectations. It is impossible to predict just how long Covid-19 will remain an operational issue for Bon Accord Care. The Board is assuming that until an effective vaccine becomes available and widely distributed the issue will remain extant.

Whilst we cannot be certain as to what the UK's relationship with Europe will be like in the years ahead there is a real risk that Brexit will have an adverse impact on the economy and in turn on the funds that are available to public sector services. The Directors consider this to be the main risk posed by Brexit alongside the potential departure of European staff members should they choose to return to their countries of origin.

During 2020/21 Bon Accord Support Services Limited has been working with the Aberdeen City Health and Social Care Partnership initiating the new care pathways and outcomes service model aligned to its strategic plan. These now form the basis of a new contractual arrangement to the end of our contract on 31 March 2024. Given the sub-contractual relationship of the company to Bon Accord Support Services Limited this has a direct bearing on Bon Accord Care Limited. The new contract's financial terms included an uplift in 2019/20 and is followed by flat funding for the next 4 years. This will allow the continuation of the sub-contract relationship between Bon Accord Care Limited and Bon Accord Support Services Limited to continue to the end of the contractual period in 2024.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Over the last few years the Board has put in place several strategic initiatives to deliver real savings whilst maintaining or improving the volume and quality of our services. The company has successfully implemented the outcomes of its strategic review of all operations and practices. The process has yielded significant service improvements and financial saving and will continue to yield material efficiencies in the years to come. As in previous years we have material efficiency targets to be met in 2020/21 – the company is currently on track to achieve those targets.

Following on from this review, the focus of the company has now shifted to digital transformation and staff empowerment. To this end the company plans to implement a new management information system tailored to its operational needs. The system, purchased by Bon Accord Support Services Limited, will provide our managers with the tools to improve our services whilst delivering more efficient staff deployment and other efficiencies. This will enable the company to deliver on the new care outcome based contract via its sub-contract arrangement with Bon Accord Support Services Limited.

Given the continuing pension liability held within the company's balance sheet the Directors of the company have sought and have received the written assurance of Aberdeen City Council of their commitment to continue to provide funding enabling the company to meet its financial obligations as they fall due.

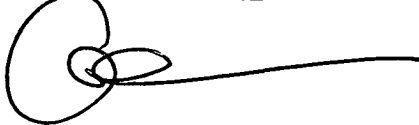
Key Performance Indicators

Bon Accord Care 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 economic, efficient and effective way thus ensuring it offers the best value for money to the local taxpayer. To achieve this the company takes a commercial approach across all activities. However, we deliver a public service so considerations of the quality of service we provide, and the responsible treatment of our staff mean that, subject to operating 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 with the aim of breaking even financially each year.

Until now the company agreed the service levels to be provided and the annual cost of those services with the Aberdeen City Health and Social Care Partnership through the sub-contract arrangement with Bon Accord Support Services Limited each year. Our objective was then to deliver or surpass those commitments. To generate profit by reducing activity was not acceptable, delivery to or exceeding activity targets within the contracted sum was our principal KPI. This was achieved in 2019/20 with overall requested activity levels met and we recorded an operating break-even for the year before any adjustments for the pension liability. Looking ahead to the remaining 4 year of our contract to 2024 the way in which our performance is measured will change. In accordance with the new contract our KPIs will be more outcome focussed and there will be a shift in emphasis towards prevention, early intervention and meeting the needs of our service users rather than delivering activity measured in hours.

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, the Care Inspectorate reports any issues and highlights any remedial actions required. Various aspects of the services are scored from 1 (unacceptable) to 6 (an exemplar). Accordingly, our 2019/20 average Care Inspectorate inspection score across our 16 (15 in 2018/19) registered services was 4.2 which compares to 4.3 in 2018/19. A score of 4.2 is "good" under the scoring system and compares favourably to our target of 4.0.

ON BEHALF OF THE BOARD:



JOHN MACLEAN

FINANCE DIRECTOR

DATE: 17 June 2020

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2020 (2019: £nil).

DIRECTORS

The directors shown below have held office from 1 April 2019 to the date of this report:

Alexis Chappell	(appointed 16 September 2019)
Tim Gardiner	
Heather Gray	
John MacLean	
Andrew Newall	
Graham Parker	(resigned 31 December 2019)
Sonia Roberts	(appointed 5 March 2020)
Alexander McKay	(appointed 20 February 2020)

Employee Policy

Bon Accord Care Limited 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 believes 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 with 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 bimonthly basis.
5. Staff Surveys are used to gather feedback on how staff feel about skills, support, development and their aspirations.
6. Communication Champions have been appointed to provide an informal and accessible link between staff and management.
7. Focus Groups: the company makes great effort to ensure staff engagement is central to the development of any changes within the organisation.
8. In 2019/20 the company successfully achieved Investors in People and Investors in Young People accreditations. The scope for the next stage includes young workforce, talent management, succession planning, leadership and management
9. Bon Accord Care's annual staff awards are held each year at the Town House and are a celebration of the achievements, hard work and dedication shown by staff over the previous 12 months.

**REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Overall the Board have regard to employee interests and involve staff to inform Board decisions through:

1. Direct consultation formally and informally, i.e. staff forums, focus groups, on-line surveys, site visits
2. Staff led committees
3. Regular and positive involvement with Unions

Successful companies can only lead change when staff are engaged and inform the decisions taken by the Board.

In addition to the staff engagement communication methods listed above the Non-executive Directors firmly believe it is important to engage with staff in their day to day roles. To this end the Board informally visit our operational establishments, collectively and as individuals, to meet staff and discuss the issues they feel important. Additionally, the Board encourages staff participation in Board meetings by way of briefings on a rolling program to review service areas. These measures provide a direct link from staff to the Board.

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.

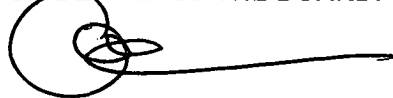
AUDITOR

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 February.

ON BEHALF OF THE BOARD:



JOHN MACLEAN

FINANCE DIRECTOR

DATE: 17 June 2020

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2020**

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 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 CARE LIMITED
FOR THE YEAR ENDED 31 MARCH 2020**

Opinion

We have audited the financial statements of Bon Accord Care Limited (the 'company') for the year ended 31 March 2020 which comprise the 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 FRS 102 *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 2020 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.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BON ACCORD CARE LIMITED
(CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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.
- 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.

BON ACCORD CARE LIMITED (SC416826)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BON ACCORD CARE LIMITED
(CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

- 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**

Date *22 June 2020*

BON ACCORD CARE LIMITED (SC416826)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

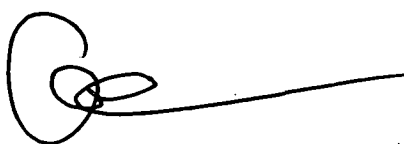
	Notes	Normal Operations £'000	Pension Adjustment £'000	2020 £'000	2019 £'000
TURNOVER	3	23,030	-	23,030	21,860
Cost of sales		<u>(22,985)</u>	<u>(3,935)</u>	<u>(26,920)</u>	<u>(24,716)</u>
GROSS PROFIT/(LOSS)		45	(3,935)	(3,890)	(2,856)
Administrative expenses		<u>(158)</u>	<u>(64)</u>	<u>(222)</u>	<u>(175)</u>
		<u>(113)</u>	<u>(3,999)</u>	<u>(4,112)</u>	<u>(3,031)</u>
Other operating income		<u>101</u>	<u>-</u>	<u>101</u>	<u>393</u>
OPERATING LOSS	5	(12)	(3,999)	(4,011)	(2,638)
Interest receivable and similar income		12	-	12	10
Other finance costs	11	<u>-</u>	<u>(293)</u>	<u>(293)</u>	<u>(218)</u>
LOSS BEFORE TAX		-	(4,292)	(4,292)	(2,846)
Corporation tax	6	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7)</u>
LOSS FOR THE FINANCIAL YEAR		-	(4,292)	(4,292)	(2,853)
OTHER COMPREHENSIVE INCOME					
Actuarial gain on defined benefit pension scheme	11	<u>-</u>	<u>940</u>	<u>940</u>	<u>124</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<u>-</u>	<u>(3,352)</u>	<u>(3,352)</u>	<u>(2,729)</u>

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

BON ACCORD CARE LIMITED (SC416826)**BALANCE SHEET
31 MARCH 2020**

		2020	2019
		£'000	£'000
	Notes		
CURRENT ASSETS			
Debtors	7	55	2,576
Cash at bank and in hand		1,192	4
		<u>1,247</u>	<u>2,580</u>
CREDITORS			
Amounts falling due within one year	8	<u>(1,247)</u>	<u>(2,580)</u>
NET CURRENT LIABILITIES			
		-	-
TOTAL ASSETS LESS CURRENT LIABILITIES			
		-	-
PENSION LIABILITY	11	<u>(15,609)</u>	<u>(12,257)</u>
NET LIABILITIES			
		<u>(15,609)</u>	<u>(12,257)</u>
CAPITAL AND RESERVES			
Called up share capital	9	-	-
Retained earnings	10	<u>(15,609)</u>	<u>(12,257)</u>
SHAREHOLDER'S DEFICIT			
		<u>(15,609)</u>	<u>(12,257)</u>

The financial statements were approved by the Board of Directors on 17 June 2020 and were signed on its behalf by:



JOHN MACLEAN
FINANCE DIRECTOR

BON ACCORD CARE LIMITED (SC416826)**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 31 March 2018		-	(9,528)	(9,528)
Loss for the year		-	(2,853)	(2,853)
Actuarial gain on defined benefit pension scheme	11	-	124	124
Balance at 31 March 2019		-	(12,257)	(12,257)
Loss for the year		-	(4,292)	(4,292)
Actuarial gain on defined benefit pension scheme	11	-	940	940
Balance at 31 March 2020		-	(15,609)	(15,609)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. ACCOUNTING POLICIES

Company information

Bon Accord Care Limited is a private limited company domiciled and incorporated in Scotland. The registered office and principal place of activity 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 expects to trade on an operational 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 the North East Scotland Pension Fund presents issues regarding the longer-term going concern status of the company.

The company supplies its services to Bon Accord Support Services Limited who in turn are contracted by Aberdeen City Council. Bon Accord Support Services Limited reported a profit on normal operations for the year to 31 March 2020. The pressure on the public-sector finances is expected to continue for the foreseeable future. The company's owner and ultimate customer (through the sub-contract with Bon Accord Support Services Limited) is facing material financial challenges both from managing its budgetary savings targets and managing the impact of the current Covid-19 pandemic. Bon Accord Care Limited will take responsibility in addressing the financial challenges it will undoubtedly face whilst maintaining activity and the highest levels of quality care possible within its financial limitations.

Bon Accord Support Services Limited's service contract with its main customer Aberdeen City Council is in place and will run until 31 March 2024. Consequently, Bon Accord Care Limited will continue in its sub-contractual relationship with Bon Accord Support Services Limited for the duration of that contract.

Given the deficit position of Bon Accord Support Services Limited, the pension liability noted within the Bon Accord Care Limited accounts and the anticipated financial austerity, the company has sought written assurance from Bon Accord Care Limited's 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.

Having obtained the agreement of Aberdeen City Council to continue to support the company in these circumstances and recognising the contractual arrangement that will run to 2024 the Directors are satisfied that it is appropriate to prepare the accounts on a going concern basis.

1. ACCOUNTING POLICIES – continued

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.

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.

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.

1. ACCOUNTING POLICIES – continued

Corporation Tax

Bon Accord Care Limited has been set up to provide on an exclusive basis 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 can be subject to Corporation Tax.

Deferred Tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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, are recognised as assets or liabilities within the company Balance Sheet.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

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 on the amounts recognised in the financial statements:

Defined benefit pension deficit

The North East Scotland Pension Fund 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 scheme's actuaries. Details of the assumptions are contained in note 11.

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 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

	2020 £'000	2019 £'000
Wages and salaries	16,500	17,450
Social security costs	1,414	1,471
Other pension costs	6,797	5,370
	<u>24,711</u>	<u>24,291</u>

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

	2020	2019
Care Staff	<u>686</u>	<u>729</u>
	<u>686</u>	<u>729</u>

Each of the directors who served during the current and prior year were remunerated by other group companies. The directors do not consider it practical to meaningfully estimate the proportion of their remuneration that related to their services as directors of the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

5. OPERATING LOSS

The operating loss is stated after charging:

	2020 £'000	2019 £'000
Auditor's remuneration	<u>8</u>	<u>7</u>

6. TAX ON PROFIT ORDINARY ACTIVITIES

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

	2020 £'000	2019 £'000
UK corporation tax	-	3
Adjustments in respect of previous periods	<u>-</u>	<u>4</u>
Tax on results of ordinary activities	<u>-</u>	<u>7</u>

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

Loss on ordinary activities before tax	<u>(4,290)</u>	<u>(2,754)</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax the UK at 19% (2019: 19%)	(815)	(523)
Group relief claimed	-	(21)
Losses carried back	1	-
Pension liability adjustment	179	749
Deferred tax asset not recognised	568	(182)
Effect of changes in tax rates and laws	67	-
Other adjustments	<u>-</u>	<u>(16)</u>
Tax on results of ordinary activities	<u>-</u>	<u>7</u>
Tax charge per the accounts	<u>-</u>	<u>7</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade debtors	1	-
Amounts due from group undertakings	49	2,428
Other debtors	5	148
	<u>55</u>	<u>2,576</u>

Intercompany balances are interest free.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade creditors	-	-
Amounts owed to group undertakings	87	1,180
Social security and other taxes	366	585
Other creditors	493	521
Accruals	301	291
Corporation tax	-	3
	<u>1,247</u>	<u>2,580</u>

Included in other creditors are pension contributions of £318,000 (2019 – £434,000).

Intercompany balances are interest free.

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £'000	2019 £'000
100	Ordinary	100p	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

10. RESERVES

The profit and loss account reserve represents cumulative realisable losses.

11. EMPLOYEE PENSION BENEFIT OBLIGATIONS

The company operates a defined benefit pension scheme. Certain employees of the company are members of North East of Scotland Pension fund. Contributions in the year relating to those employees amounted to £3,001,000 (2018/19 - £2,829,000). In the year to 31 March 2020 the employer contribution rate was 18.8% (2018/19 – 18.3%).

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 2017. The value of the fund at 31 March 2020 was as follows.

	Defined benefit pension plans	
	2020	2019
	£'000	£'000
Present value of funded benefit obligation	94,197	90,661
Fair value of plan assets	<u>(78,588)</u>	<u>(78,404)</u>
Deficit	<u>(15,609)</u>	<u>(12,257)</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	
	2020	2019
	£'000	£'000
Current service cost	5,870	5,505
Net interest cost	293	218
Past service cost	1,066	-
Administration expenses	<u>64</u>	<u>64</u>
Deficit	<u>7,293</u>	<u>5,787</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

11. EMPLOYEE PENSION BENEFIT OBLIGATIONS (continued)

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

	Defined benefit pension plans	
	2020 £'000	2019 £'000
Opening defined benefit obligation	90,661	80,631
Current service cost	5,870	5,505
Interest on pension liabilities	2,274	2,161
Member contributions	922	914
Past service cost	1,066	-
(Gain)/Loss on assumptions	(4,124)	3,556
Experience gain	(207)	-
Benefits/transfers paid	(2,265)	(2,106)
	<u>94,197</u>	<u>90,661</u>

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

	Defined benefit pension plans	
	2020 £'000	2019 £'000
Opening fair value of scheme assets	78,404	71,103
Interest on plan assets	1,981	1,943
Remeasurements	(3,391)	3,680
Administration expenses	(64)	(64)
Employer contributions	3,001	2,934
Member contributions	922	914
Benefits/transfers paid	(2,265)	(2,106)
	<u>78,588</u>	<u>78,404</u>

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

	Defined benefit pension plans	
	2020 £'000	2019 £'000
Actuarial gains	<u>(940)</u>	<u>(124)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

11. EMPLOYEE PENSION BENEFIT OBLIGATIONS (continued)

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

	Defined benefit pension plans	
	2020	2019
Equities	55.3%	62.7%
Government bonds	6.6%	6.0%
Other bonds	1.9%	1.2%
Property	7.3%	7.3%
Cash/liquidity	2.0%	4.1%
Other	26.9%	18.7%
	<u>100.0%</u>	<u>100.0%</u>

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

	2020	2019
Discount rate	2.3%	2.5%
Future salary increases	3.6%	3.7%
Future pension increases	2.2%	2.3%
Rate of CPI inflation	2.1%	2.2%
Life expectancy	Males	Males
Current pensioners	21.5 years	22.9 years
Future pensioners	23.1 years	25.8 years
	Females	Females
Current pensioners	24.2 years	25.0 years
Future pensioners	26.3 years	28.1 years

12. 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 section 33 of FRS 102 which allows exemption from disclosure of related party transactions with other group companies.

13. 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.