

REGISTERED NUMBER: SC432814

**BON ACCORD SUPPORT SERVICES LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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FOR THE YEAR ENDED 31 MARCH 2023**

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BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2023**

DIRECTORS

**Peter Murray
Fiona Francey
Rona King
Jonathan Williams
Pamela MacKenzie
Neil Gauld**

REGISTERED OFFICE

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

REGISTERED NUMBER

SC432814

AUDITOR

**Anderson Anderson & Brown Audit LLP
Chartered Accountants and Registered
Auditor
Kingshill View
Prime Four Business Park
Aberdeen
AB15 8PU**

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

The Directors present their Strategic Report for the year ended 31 March 2023.

Corporate Overview

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

Bon Accord Support Services Limited manages the provision of elderly care, occupational therapy, and telecare services to the people of Aberdeen. The company operates throughout the Aberdeen city 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.

Subsequent to the year end, at their meeting held on 3 November 2023, Aberdeen City Councillors voted to approve a project that could ultimately lead to the operations of the company being reintegrated into the Council's operations. Councillors have requested an outline business case to be presented at their meeting in February 2024. This decision is still subject to approval and at this stage, potential timescales are unclear. The Directors do not currently foresee that this will take place within the next twelve months.

Profit & Loss Account

These accounts summarise the financial position for the year to 31 March 2023. The company shows turnover of £35,604,000 (2021/22, £33,117,000) upon which it recorded a loss after tax, before actuarial adjustments in respect of the pension deficit, of £96,000 (2021/22, £34,000 profit). After accounting for the movements in the actuarially assessed pension fund, the company records a comprehensive income for the year of £1,067,000 (2021/22, £203,000 expense).

The cost-of-living challenges that have been arisen from a series of global and domestic macro-economic factors have placed significant pressures on the company's financial position in terms of its requirement to deliver a balanced budget. The well documented impacts of the Russian invasion of Ukraine, post Covid-19 supply issues and the continued challenges arising from Brexit all contributed to significant upward cost pressures whilst our contractual income remained fixed. In addition to these pressures the company also experienced an increase in demand for its services arising from the Covid-19 pandemic, either through generally higher levels of care being required or a rise in more complex care. The final agreed COSLA/Local Government pay award in respect of 2022/23 reflected a significant uplift in our staff payroll costs against our budget assumptions. This was coupled with a significant increase in both utility and catering costs.

Despite these challenges, the company has managed to deliver the required efficiency savings in 2022/23 to deliver an acceptable balanced budget result for the year. The loss before tax is considered acceptable within the agreed contractual parameters in which the company operates. However, the levels of savings required this year has been significant given the cost-of-living pressures that have been experienced. Central Government funding for Covid-19 costs ceased during 2022/23. The funding provided was essential to permit the ongoing care being provided by the company, but further efficiencies will require to be found to fund the ongoing costs that are now part of operating post pandemic.

The twin achievements of delivering an acceptable contractual result for the year whilst mitigating the adverse economic challenges is all the more satisfying given that our contracted activity targets have broadly been met and quality standard targets (as measured by the Care Commission grading system) have been achieved. All in all, these achievements reflect the tremendous commitment to the business of our staff and managers.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Our ongoing contract is a flat funded arrangement, in other words any cost increases arising from general or annual pay awards, employer pension contribution increases, and general inflation must be funded through internally generated efficiencies. For Financial Year 2023/24, the Board has approved a budget that reflects a balanced budget result for the year after taking into account certain assumptions around pay and other inflationary increases. This has been achieved through a combination of both additional funding and various efficiency initiatives. The Board continue to monitor delivery against this target closely however further efficiencies or even reductions in the levels of some services may be required should the wider challenges continue or even become more demanding.

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 a net asset arising from the company's defined benefit obligations. By following guidance contained within FRS102 an asset ceiling has been applied and our asset therefore reduced to £Nil (2021/22 £1,163,000 deficit). Following FRS102, a pension asset of £603,000 has not been recognised and our loss for the financial year of £455,000 is offset by our actuarial gain of £1,522,000.

Balance Sheet

Readers will note an increase in the year end stock position. The company has been purchasing additional digital telecare alarm units as part of our involvement in the Analogue to Digital changeover taking place from 2025. The company also continues to hold PPE and Covid-19 cleaning stock.

From a liquidity perspective, the company remains in a positive position overall with improvements made in our working capital position. Movements in the company's cash and debtor balances held relate to payments received for Covid-19 which were still outstanding at the corresponding period last year. Overall, the net worth of the company increased by £1,067,000 in the year, which is due to the increase in the actuarially assessed pension. The company scheme is now reflecting an (unrecognised) pension asset rather than a liability. Readers are reminded that this is not in any way an immediate cash asset to the company rather it is an assessment of the present value of the company's future obligations under our pension arrangement. Therefore, no asset has been recognised in accordance with FRS102.

Principal Risks and Uncertainties

The company is almost entirely funded through its core contract with Aberdeen City Council. The financial pressures placed upon public sector bodies present the most significant element of business risk to the company.

The Board considers this financial risk on the public sector funding to be twofold in the immediate and medium term. The immediate concern continues to be managing the implications of the inflationary/fiscal capacity issues currently being experienced in the UK economy. Coupled with this, are the growing financial pressures being experienced resulting from higher demand for social care services/increased complexity of demand arising from the Covid-19 pandemic. Both of these factors may combine to have a negative influence on public sector funding in the immediate and possible longer term. The Board does recognise the potential risk this presents the company which is mitigated by the fact that the company has an agreed contract for the next twelve months securing our annual income levels over that contracted period.

Global economic events ranging from the war in Ukraine, Brexit and supply chain issues as the world emerges from Covid lockdowns continue to have an adverse impact on the economy. As both National and Scottish Governments react to cope with this pressure, levels of funding being provided to fund public sector services is being cut. These financial austerity measures within the public sector are restricting the level of funding Aberdeen City Council are receiving now and in the future. As a direct consequence the company is continually reviewing opportunities to deliver its services in more efficient ways to ensure it can contribute efficiencies that will help ease the financial burden on our main customer (and owner) Aberdeen City Council. The company will always aim to deliver the maximum levels of quality care within the contract sums awarded.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

At a time of public sector austerity measures, the company is also experiencing higher levels of service demand, including increased complexity in care requirements. Emerging from the Covid-19 pandemic, the wider health system continues to contend with the backlog in demand and challenges around staffing levels. This has resulted in higher levels of demand for social care services in general, shifts in the types of services being required and also higher complexity of care requirements being required. All of these factors combine to place further operational and financial pressures on the Company. This, coupled with the funding pressures being experienced will require Local Authorities to strategically examine how it will meet the immediate financial demands whilst delivering the statutory services it provides. The company is also having to contend with the increased costs arising from the Covid-19 pandemic, such as more intensive cleaning regimes but for which no additional central government funding has been received.

The Directors consider this to be the main risk posed by these events alongside potential supply-chain inflationary pressures (food and energy) and the potential challenges around recruitment due to the reduced employment market. The Board is currently focused on ensuring any additional ongoing operational commitments arising from these challenges can be met without having any impact upon the quality of care provided to service users. The Board is confident that the company has sufficient cash and working capital reserves to absorb the full impact of any cost increases in the immediate term.

Key Performance Indicators

Bon Accord Support Services Limited is a company wholly owned by Aberdeen City Council with the principal aim of delivering high quality adult social care to the citizens of Aberdeen in the most economic, efficient and effective way to ensure 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 quality and volume in services we provide to our service users. Any savings made are reinvested in the delivery of our services.

The company has a contract through to 2024 for the provision of adult social care services within Aberdeen city. Work is ongoing to extend this contract beyond 2024. Whilst we are contracted to Aberdeen City Council, our contract performance is monitored by the Aberdeen City Health and Social Care Partnership. The contract is based upon a service delivery model that is outcomes based and shifts the emphasis of our services towards prevention, early intervention and meeting the needs of our users rather than delivering activity measured in hours. During the year 2022/23 we have held quarterly reviews with the Partnership to assess our performance against our contract objectives. These meetings have also assessed ongoing future requirements and discussed our ability to be delivering these services without making a profit. A formal annual review is also held with the Partnership. In 2022/23 we have successfully delivered against our contractual objectives achieved however by delivering a small loss after tax on normal operations of £96,000 (2021/22 £34,000 profit) excluding movements in the pension liability.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

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 2022/23 average Care Inspectorate inspection score across our 8 (8 in 2021/22) registered services was 3.9 which compares to 4.2 in 2021/22. A score of 3.9 can be considered as "good" under the scoring system and is broadly in line with our target of 4.0.

On behalf of the Board:



Neil Gauld
Director
Date: 21 December 2023

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report with the financial statements of the company for the year ended 31 March 2023.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2023 (2022: £nil).

DIRECTORS

The directors shown below have held office from 1 April 2022 to the date of this report:

Peter Murray	
Fiona Francey	
Khyber Alam	Resigned 9 June 2023
Susan Ross	Resigned 25 June 2022
Rona King	
Jonathan Williams	Appointed 2 December 2022
Pamela MacKenzie	
Neil Gauld	

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 they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

AUDITOR

The auditor, Anderson Anderson & Brown Audit 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:



Neil Gauld
Director

Date: 21 December 2023

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2023**

The directors are responsible for preparing the Strategic Report, Report of the Directors, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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

Opinion

We have audited the financial statements of Bon Accord Support Services Limited for the year ended 31 March 2023, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2023 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 United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditors' 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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

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 period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Report of the Directors have 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 or the Report of the Directors. We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 10, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Care Inspectorate and Health and Safety legislation.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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

We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

- Management override of controls to manipulate the company's key performance indicators to meet targets;
- Timing of revenue recognition; and
- Compliance with relevant laws and regulations which directly impact the financial statements and those that the company needs to comply with for the purpose of trading.

Our audit procedures to respond to these risks included:

- Testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing judgements made by management in its calculation of accounting estimates for potential management bias;
- Vouching revenue to contracts and source documentation;
- Enquiries of management about litigation and claims and inspection of relevant correspondence;
- Reviewing relevant reports from the Care Inspectorate;
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non-compliance with laws and regulations; and
- Performing a disclosure checklist on the financial statements to confirm Companies Act 2006 requirements are satisfied.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

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 Auditors' 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.



Andrew Shaw

*for and on behalf of Anderson Anderson & Brown Audit LLP
Statutory Auditor
Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU*

21 December 2023

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	Normal Operations £'000	Pension Adjustments £'000	2023 £'000	2022 £'000
TURNOVER	3	35,604	-	35,604	35,117
Cost of sales		(32,918)	(324)	(33,242)	(31,919)
GROSS PROFIT/(LOSS)		2,686	(324)	2,362	3,198
Administrative expenses		(3,586)	(7)	(3,593)	(3,960)
		(900)	(331)	(1,231)	(762)
Other operating income		670	-	670	496
OPERATING LOSS	5	(230)	(331)	(561)	(266)
Interest receivable and similar income		94	-	94	5
Other finance costs		-	(28)	(28)	(18)
LOSS BEFORE TAX		(136)	(359)	(495)	(279)
Corporation tax	6	40	-	40	(42)
LOSS FOR THE FINANCIAL YEAR		(96)	(359)	(455)	(321)

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

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £'000	2022 £'000
LOSS FOR THE FINANCIAL YEAR		(455)	(321)
Other comprehensive income			
Actuarial gain on defined benefit pension scheme	15	1,522	118
		<hr/>	<hr/>
Other comprehensive income for the year		1,522	118
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		1,067	(203)
		<hr/>	<hr/>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**BALANCE SHEET
AS AT 31 MARCH 2023**

	Notes	2023 £'000	2022 £'000
FIXED ASSETS			
Tangible assets	7	366	451
CURRENT ASSETS			
Stocks	8	614	497
Debtors	9	2,071	7,274
Cash in hand		6,070	322
		8,755	8,093
CREDITORS			
Amounts falling due within one year	10	(9,077)	(8,398)
NET CURRENT LIABILITIES		(322)	(305)
TOTAL ASSETS LESS CURRENT LIABILITIES		44	146
DEFERRED GOVERNMENT GRANTS	11	(40)	(46)
PENSION LIABILITY	15	-	(1,163)
NET ASSETS/(LIABILITIES)		4	(1,063)
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Retained earnings	14	4	(1,063)
SHAREHOLDER'S FUNDS/(DEFICIT)		4	(1,063)

The financial statements were approved by the Board of Directors on 21 December 2023 and were signed on its behalf by:

Neil Gauld.

Neil Gauld
Director

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 31 March 2021		-	(860)	(860)
Loss for the year		-	(321)	(321)
Actuarial gain on defined benefit pension scheme	15	-	118	118
Balance at 31 March 2022		-	(1,063)	(1,063)
Loss for the year		-	(455)	(455)
Actuarial gain on defined benefit pension scheme	15	-	1,522	1,522
Balance at 31 March 2023		-	4	4

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES

Company information

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

Accounting Convention

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

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

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

FRS 102 reduced disclosure framework

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

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

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

Going Concern

The company reports a loss on normal operations of £96,000, however once the actuarially assessed pension fund adjustment is included there is a total comprehensive income for the year of £1,067,000. The year has been successful in that despite the unprecedented impacts of both the global macro-economic challenges and continued fallout from the Covid-19 pandemic, contracted activity levels have been met, continued improvements in our service delivery have been achieved and quality standard targets (as measured by the Care Commission grading system) have been achieved.

It is clear to the Board that public sector finances will continue to be under material pressure 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 company's service contract with its main customer Aberdeen City Council is in place and will run to 31 March 2024. The Directors are confident that the current contract will be extended on a similar contractual basis, at least until 31 March 2025. Under this arrangement all inflationary pressures from staff salary increases, general inflation changes in employer pension contribution rates must be funded within this financial envelope. Operational cost increases being negated by efficiency savings delivered from within our service delivery activities.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

1. ACCOUNTING POLICIES (CONTINUED)

Going Concern (continued)

The Directors approved a break-even budget in respect of Financial Year 2023/24. This has included an assumption around the anticipated annual salary uplift. Similar to Local Authorities, public sector pay is coming under increasing focus as the cost of living increases due to impacts from Covid and global economic issues. Clearly, any uplifts in line with the current rate of inflation would require additional investment to be made in the social care sector. The company continues to develop its strategy and plans that will yield efficiencies moving forward. These plans include the continued investment in new technologies that will yield operational efficiencies, greater staff empowerment to help target resources and cost reduction programmes.

The company now reflects an accumulated net funds position at 31 March 2023, the previously reported deficit position being reversed due to uplift in the actuarially assessed pension fund.

Given the previously reported pension deficit, the pension position noted and the anticipated pressures on local authority budgets, the company has sought written assurance from its 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 both continue to support the company in these circumstances and working through a contract extension to at least 2025, the Directors are satisfied that it is appropriate to prepare the accounts on a going concern basis.

Turnover

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

Tangible Fixed Assets

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

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

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

1. ACCOUNTING POLICIES – continued

Impairment of financial assets

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.

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.

Provisions

Where the company has an obligation at the balance sheet date for a liability, the amount of which is unknown, a provision is made when it is probably that a transfer of economic benefits will be required and the amount can be reliably estimated.

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 losses incurred in recent years 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.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

1. ACCOUNTING POLICIES – continued

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.

Operating Leases

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

Government Grants

Grants are accounted under the accruals model permitted by FRS102. Government grants of a revenue nature are matched with the corresponding expenditure in the period the expenditure is recognised.

Employee benefits

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

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

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

Pension Costs and other Post-Retirement Benefits

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

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

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

As at 31 March 2023, the assets of the defined benefit pension scheme are in excess of the schemes liabilities. The Directors have considered this position, and, in accordance with FRS102 have elected to apply an asset ceiling of £Nil on the basis that the Company does not have an unconditional right to a refund on exiting the scheme and the value of the future economic benefits through reduced future contributions is uncertain.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

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 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 scheme's actuaries. Details of the assumptions are contained in note 15.

Depreciation and impairment of fixed assets

The amount of depreciation and impairment charged is based on the Directors' assessment of the useful economic lives of the related tangible fixed assets. Details are included in Note 1 and 7.

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.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

4. STAFF COSTS

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

	2023	2022
Administration	50	62
Modern Apprentices	15	18
	<u>65</u>	<u>80</u>

Their aggregate remuneration comprised:

	2023	2022
	£'000	£'000
Wages and salaries	2,082	2,064
Social security costs	170	137
Other pension costs	339	294
	<u>2,591</u>	<u>2,495</u>

	2023	2022
	£'000	£'000
Directors' remuneration	285	201
Directors' fees	-	-
Directors' pension contributions	55	39
	<u>340</u>	<u>240</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

4. STAFF COSTS (CONTINUED)

Emoluments of highest paid Director:	2023 £'000	2022 £'000
Aggregate emoluments	109	89
Company pension contributions	<u>21</u>	<u>17</u>
	<u>130</u>	<u>106</u>

Accrued pension benefits at the year-end for the highest paid Director were £Nil (2022: £Nil).

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

Defined benefit pension scheme	<u>4</u>	<u>4</u>
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5. OPERATING LOSS

The operating loss is stated after charging:	2023 £'000	2022 £'000
Depreciation – owned assets	155	123
Fees payable to the company's auditor for the audit of the company's financial statements	15	14
Fees payable to the company's auditor in respect of taxation compliance services	9	9
Other operating leases	<u>67</u>	<u>67</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	2023	2022
	£'000	£'000
UK corporation tax	-	(42)
Adjustments in respect of previous periods	40	-
Tax on results of ordinary activities	40	(42)

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

Loss on ordinary activities before tax	(495)	(279)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom at 19% (2022: 19%)	(94)	(53)
Pension liability adjustment	403	22
Disallowable Expenses	41	29
Other differences	-	-
Prior year adjustment	(40)	-
Movement on deferred tax asset not recognised	(270)	(40)
Tax on results of ordinary activities	40	(42)
Tax charge/(credit) per the accounts	40	(42)

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023****7. TANGIBLE FIXED ASSETS**

	Motor Vehicles £'000	Other fixed assets £'000	Property and tenants' improvements £'000	Totals £'000
COST				
At 31 March 2022	28	516	714	1,258
Additions	-	53	17	70
	<u>28</u>	<u>569</u>	<u>731</u>	<u>1,328</u>
At 31 March 2023	28	569	731	1,328
DEPRECIATION AND IMPAIRMENT				
At 31 March 2022	28	414	365	807
Charge for the year	-	44	111	155
	<u>28</u>	<u>458</u>	<u>476</u>	<u>962</u>
At 31 March 2023	28	458	476	962
NET BOOK VALUE				
At 31 March 2023	<u>-</u>	<u>111</u>	<u>255</u>	<u>366</u>
At 31 March 2022	<u>-</u>	<u>102</u>	<u>349</u>	<u>451</u>

8. STOCKS

	2023 £'000	2022 £'000
Consumables	614	497
	<u>614</u>	<u>497</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £'000	2022 £'000
Trade debtors	159	158
Amounts due from group undertakings	1,793	6,920
Other debtors	79	196
Corporation Tax	40	-
	<u>2,071</u>	<u>7,274</u>

Intercompany balances are interest free.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023****10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023 £'000	2022 £'000
Trade creditors	125	75
Amounts owed to group undertakings	6,966	6,285
Social security and other taxes	92	40
VAT	966	914
Other creditors	40	75
Accruals and deferred income	888	967
Corporation Tax	-	42
	<u>9,077</u>	<u>8,398</u>

Included in other creditors are pension contributions of £30,000 (2022 – £30,000).

Intercompany balances are interest free.

11. DEFERRED GOVERNMENT GRANTS

	2023 £'000	2022 £'000
Opening balance	46	53
Amortised in year	<u>(6)</u>	<u>(7)</u>
Closing balance	<u>40</u>	<u>46</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:

	2023 £'000	2022 £'000
Within one year	76	76
Between one and five years	<u>-</u>	<u>-</u>
	<u>76</u>	<u>76</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023 £'000	2022 £'000
1	Ordinary	100p	<u>-</u>	<u>-</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

14. RETAINED EARNINGS

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

15. 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, a Local Government Pension Scheme. Premiums in the year relating to those employees amounted to £321,000 (2022 - £321,000). In the year to 31 March 2022 the employer contribution rate was - 19.3% (2022 -19.3%).

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 2020. The value of the fund at 31 March 2023 was as follows.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2023	2022
	£'000	£'000
Present value of funded benefit obligation	(4,219)	(5,151)
Fair value of plan assets	4,219	3,988
Surplus/(Deficit) in scheme	-	(1,163)

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 and loss are as follows:

	Defined benefit pension plans	
	2023	2022
	£'000	£'000
Current service cost	662	651
Net interest cost	28	18
Past service cost	-	-
Administration expenses	7	7
	697	676

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023****15. EMPLOYEE PENSION BENEFIT OBLIGATIONS (continued)**

Changes in the present value of the defined benefit obligation are as follows:	Defined benefit pension plans	
	2023 £'000	2022 £'000
Opening defined benefit obligation	5,151	4,452
Current service cost	662	651
Interest on pension liabilities	146	100
Member contributions	117	107
Experience gains on liabilities	527	18
Actuarial (gain)/loss on assumptions	(2,960)	(155)
Benefits/transfers paid	(27)	(22)
Asset ceiling	603	-
	<u>4,219</u>	<u>5,151</u>

Changes in the fair value of scheme assets are as follows:	Defined benefit pension plans	
	2023 £'000	2022 £'000
Opening fair value of scheme assets	3,988	3,526
Employer contributions	338	321
Member contributions	117	107
Interest on plan assets	118	82
Remeasurements	(308)	(19)
Administration expenses	(7)	(7)
Benefits/transfers paid	(27)	(22)
	<u>4,219</u>	<u>3,988</u>

As at 31 March 2023 the assets of the Company's participation in the pension scheme are in excess of the scheme liabilities. The directors have considered this position and, in accordance with FRS102, have applied an asset ceiling of £nil on the basis that the Company does not have an unconditional right to a refund on exiting the scheme or through reduced future contributions.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

15. EMPLOYEE PENSION BENEFIT OBLIGATIONS (continued)

	Defined benefit pension plans	
	2023	2022
	£'000	£'000
The amounts recognised in the statement of comprehensive income are		
Actuarial loss on assets	(308)	(19)
Actuarial gain on liabilities	2,433	137
Effect of asset ceiling	(603)	-
	<u>1,522</u>	<u>118</u>

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

	Defined benefit pension plans	
	2023	2022
Equities	55.8%	59.9%
Government bonds	6.4%	8.2%
Other bonds	0.0%	0.0%
Property	6.5%	6.5%
Cash/liquidity	3.9%	3.0%
Other	27.4%	22.4%
	<u>100%</u>	<u>100.0%</u>

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

	2023	2022
Discount rate	4.8%	2.8%
Future salary increases	4.2%	4.7%
Future pension increases	2.8%	3.3%
Rate of CPI inflation	2.7%	3.2%
Life expectancy (years)	Males	Males
Current pensioners	21.0	21.5
Future pensioners	22.4	23.0
Life expectancy (years)	Females	Females
Current pensioners	23.4	24.2
Future pensioners	25.4	26.3

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

16. RELATED PARTY DISCLOSURES

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

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

17. ULTIMATE PARENT COMPANY

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

18. POST BALANCE SHEET EVENT

On 3 November 2023, Aberdeen City Councillors voted to approve a project that could ultimately lead to the operations of the company being brought back into the Council's operations. Councillors have requested an outline business case to be presented at their meeting in February 2024. Should this proposal be approved by Councillors, then a process of reintegrating the business of the company into Aberdeen City Council will commence. This decision is still subject to approval and at this stage, potential timescales are unclear. The Directors do not currently foresee that this will take place within the next twelve months.