

REGISTERED NUMBER: SC432814

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



BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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FOR THE YEAR ENDED 31 MARCH 2020**

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BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**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

SC432814

AUDITOR

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

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

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

Corporate Overview

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

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

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

Profit & Loss Account

These accounts summarise the financial position for the year to 31 March 2020. The company shows a turnover of £30,840,000 (2018/19, £29,076,000) upon which it recorded a profit after tax, before actuarial adjustments in respect of the pension deficit, of £38,000 (2018/19, £45,000).

Once we fully account for the increase in the actuarially assessed pension fund deficit the company records a comprehensive expense for the year of £231,000 (2018/19, £201,000).

The company was asked to deliver £431,000 of new efficiency savings within the contracted sum for 2019/20, calculated after accounting for unavoidable additional costs arising from staff pay increases and increased pension contribution levels. The directors are pleased to report that the savings target was exceeded with a total of £469,000 savings being achieved in the year. This achievement has been all the more satisfying given that our contracted activity targets have 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.

Our ongoing contract is a flat funded arrangement, in other words any cost increases arising from i.e. general pay awards, employer pension contribution increases and general inflation must be funded through internally generated efficiencies. For 2020/21 this has meant that a total of £929,000 of savings must be targeted for the company to cover the additional costs of the 3% pay rise and additional pension contribution commitments within the existing contract value. The Board have approved a budget for 2020/21 that includes various efficiency initiatives that fully address our financial obligations for the year.

In 2019/20 we saw an increase in turnover, £1,764,000 which can be attributed to increased activity at Kingswells Nursing Home as the facility became fully operational early on in 2019 and additionally pay inflation and additional employer pension contribution that increased our cost base and hence contract value in 2019/20. The 2019/20 contract value will now form the basis of the next 4 years trading under the terms of the fixed cost contract arrangement.

Balance Sheet

Readers will note an increase in the net book value of fixed assets in 2019/20 of £416,000. During the year the company completed the refurbishment of Kingswells Nursing Home and improved the environment for our residents in Rosewell House and Fergus House by replacing furniture and flooring.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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

In addition, a major investment in Information Technology was undertaken with the development of our new digital transformation project, Skedulo. This system will have a significant influence on the company's development and operational processes over the coming years and will underpin our move to the outcomes based service delivery model and confer significant efficiencies through the improved management of our staff resource.

Overall the net worth of the company reduced by £231,000 in the year, which is due to the increase in the actuarially assessed pension deficit. Readers are reminded that this is not in any way an immediate cash liability to the company rather it is an assessment of the present value of the company's future obligations under our pension arrangement.

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 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 does recognise the potential risk this presents the company with is mitigated in part by the fact that the company 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 that organisation to strategically examine how it will meet the 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 Support Services Limited 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 are united in their aim to safeguard all who receive our services and those in our organisation. In short, the Board is 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 not clear 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 Support Services Limited. The Board assumes 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 potential supply-chain inflationary pressures (food and energy) and the potential departure of European staff members should they choose to return to their countries of origin.

Financial austerity within the public sector is restricting the level of funding Aberdeen City Council receives now and in the future. As a direct consequence the company is asked to deliver its services in more efficient ways to ensure we can contribute efficiencies 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 by our customers.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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

During 2019/20 the company has been working with the Aberdeen City Health and Social Care Partnership to initiate 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. The new contract's financial terms included an uplift in 2019/20 and thereafter is flat funding for the following 4 years.

Over the last few years the Board has put in place several strategic initiatives to deliver real efficiencies whilst maintaining or improving the volume and quality of our services. The company has successfully implemented and bedded in the outcomes of its strategic review of all operations and practices. This review has delivered improved value for money and service quality and will continue to yield material efficiencies in the years to come.

Following on from this review, the focus of the company has now shifted to digital transformation and staff empowerment. To this end the Directors approved the purchase of a new management information system tailored to our companies' operational needs. The system 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 its new care outcome based contract. This project is well advanced and the roll-out phase will begin Q1 2020/21 and will yield material operational and financial benefits immediately.

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 volume and quality in services we provide to our service users. Any savings made are reinvested in the delivery of our services.

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 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 a profit after tax on normal operations of £38,000 (2018/19, £45,000) being generated.

Looking ahead to our new contract, taking the company to 2024 the way in which our performance is measured has now moved to a service delivery model that is outcome focussed and shifts the emphasis of our services 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

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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:

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

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Liquidity risk

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

Credit risk

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

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

FUTURE DEVELOPMENTS

Future developments can be found in the Strategic Report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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

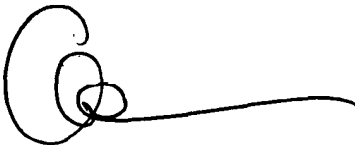
AUDITOR

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

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BON ACCORD SUPPORT SERVICES LIMITED
FOR THE YEAR ENDED 31 MARCH 2020**

Opinion

We have audited the financial statements of Bon Accord Support Services Limited (the 'company') for the year ended 31 March 2020 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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

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

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

Use of our report

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

Johnston Carmichael LLP

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

Date 22 June 2020

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	Normal Operations £'000	Pension Adjustments £'000	2020 £'000	2019 £'000
TURNOVER	3	30,840	-	30,840	29,076
Cost of sales		<u>(28,718)</u>	<u>(299)</u>	<u>(29,017)</u>	<u>(27,328)</u>
GROSS PROFIT		2,122	(299)	1,823	1,748
Administrative expenses		<u>(2,626)</u>	<u>(5)</u>	<u>(2,631)</u>	<u>(2,352)</u>
		(504)	(304)	(808)	(604)
Other operating income		<u>520</u>	<u>-</u>	<u>520</u>	<u>428</u>
OPERATING PROFIT/(LOSS)	5	16	(304)	(288)	(176)
Interest receivable and similar income		22	-	22	18
Interest payable		<u>-</u>	<u>(21)</u>	<u>(21)</u>	<u>(15)</u>
PROFIT/(LOSS) BEFORE TAX		38	(325)	(287)	(173)
Corporation tax	6	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		38	(325)	(287)	(155)

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 2020**

	Notes	2020 £'000	2019 £'000
LOSS FOR THE FINANCIAL YEAR		(287)	(155)
Other comprehensive expense			
Actuarial gain/(loss) on defined benefit pension scheme	15	<u>56</u>	<u>(46)</u>
Other comprehensive income/(expense) for the year		<u>56</u>	<u>(46)</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<u>(231)</u>	<u>(201)</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**BALANCE SHEET
31 MARCH 2020**

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Tangible assets	7	735	319
CURRENT ASSETS			
Stocks	8	429	412
Debtors	9	3,555	4,916
Cash in hand		4,045	3,631
		<u>8,029</u>	<u>8,959</u>
CREDITORS			
Amounts falling due within one year	10	<u>(8,714)</u>	<u>(9,259)</u>
NET CURRENT LIABILITIES		<u>(685)</u>	<u>(300)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		50	19
DEFERRED GOVERNMENT GRANTS	11	(60)	(67)
PENSION LIABILITY	15	<u>(1,163)</u>	<u>(894)</u>
NET LIABILITIES		<u>(1,173)</u>	<u>(942)</u>
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Retained earnings	14	<u>(1,173)</u>	<u>(942)</u>
SHAREHOLDER'S DEFICIT		<u>(1,173)</u>	<u>(942)</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 SUPPORT SERVICES LIMITED (SC432814)

**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		-	(741)	(741)
Loss for the year		-	(155)	(155)
Actuarial loss on defined benefit pension scheme	15	-	(46)	(46)
Balance at 31 March 2019		-	(942)	(942)
Loss for the year		-	(287)	(287)
Actuarial gain on defined benefit pension scheme	15	-	56	56
Balance at 31 March 2020		-	(1,173)	(1,173)

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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

1. ACCOUNTING POLICIES

Company information

Bon Accord Support Services Limited is a private limited company domiciled and incorporated in Scotland. The registered office and trading address is Inspire Building, Beach Boulevard, Aberdeen, AB24 5HP. 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 profit on normal operations of £38,000, however once the actuarially assessed pension fund adjustment is included there is a total comprehensive expense for the year of £231,000. The year has been successful in that contracted activity levels have been met, the implementation of our strategic review of operations and service delivery has successfully bedded in and quality standard targets (as measured by the Care Commission grading system) have been achieved. After accounting for unavoidable additional costs, the company delivered additional savings of £469,000, (2018/19 £740,000).

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

The company's service contract with its main customer Aberdeen City Council is in place and will run to 31 March 2024. The financial terms of the contract included a financial uplift in 2019/20 however the remaining 4 years of the contractual period are set to be flat-funded. Under this arrangement all inflationary pressures from unavoidable pay 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.

The Directors have approved a break-even budget for 2020/21 inclusive of cost savings of £929,000 and are confident that the company will achieve its targets. Work is continuing to develop plans that will deliver the savings required in 2021/24. These plans include a new management information system that will be going live in the first quarter of 20/21 and will enable more efficient deployment of resources throughout the contract period.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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

1. ACCOUNTING POLICIES (CONTINUED)

Going Concern (continued)

The company continues to show an accumulated deficit at 31 March 2020, this deficit increasing by £269,000 in 2019/20 wholly due to an increase in the actuarially assessed pension fund liability of £1,163,000. Trading profits generated in the year only partially negate this adverse movement, so we continue to show an overall deficit in shareholder funds arising from the recognition of defined benefit pension scheme liabilities in the balance sheet.

Given this accumulated deficit, the pension liability noted and the anticipated contractual austerity the company has sought written assurance from 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 continue to support the company in these circumstances and having an agreed contractual arrangement with Aberdeen City Council until 2024, the Directors are satisfied that it is appropriate to prepare the accounts on a going concern basis.

Turnover

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

Tangible Fixed Assets

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

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

Stocks

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

Financial instruments

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

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

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

Basic financial assets

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

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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

1. ACCOUNTING POLICIES – continued

Impairment of financial assets

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

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

Derecognition of financial liabilities

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

Corporation Tax

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

Given the 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.

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.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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

1. ACCOUNTING POLICIES – continued

Government Grants

Any government grants received 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.

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.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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

2. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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	2019
	£'000	£'000
Wages and salaries	1,338	1,260
Social security costs	117	113
Other pension costs	516	303
	<u>1,971</u>	<u>1,676</u>

The average monthly number of employees during the year was as follows:	2020	2019
Administration	36	39
Modern Apprentices	8	4
	<u>44</u>	<u>43</u>

5. OPERATING PROFIT/(LOSS)

	2020	2019
	£'000	£'000
The operating profit/(loss) is stated after charging:		
Depreciation – owned assets	80	21
Auditor's remuneration	8	7
Other operating leases	76	972
	<u>164</u>	<u>1,000</u>
Directors' remuneration	150	126
Directors' fees	25	39
Directors' pension contributions	27	21
	<u>202</u>	<u>186</u>

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

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

Aggregate emoluments	91	86
Company pension contributions	16	14
	<u>107</u>	<u>100</u>

Accrued pension benefits at the year-end for the highest paid Director were £16,000 (2019: £14,000).

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020****6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

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

	2020	2019
	£'000	£'000
UK corporation tax	-	-
Adjustments in respect of previous periods	-	(18)
Tax on results of ordinary activities	-	(18)

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	<u>(287)</u>	<u>(173)</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom at 19% (2019: 19%)	(54)	(32)
Fixed asset differences	3	-
Pension liability adjustment	11	22
Group relief surrendered	-	21
Other differences	-	(16)
Effect of changes in tax rates and laws	4	-
Movement on deferred tax asset not recognised	<u>36</u>	<u>(13)</u>
Tax on results of ordinary activities	-	(18)
Tax charge/(credit) per the accounts	<u>-</u>	<u>(18)</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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

7. TANGIBLE FIXED ASSETS

	Motor Vehicles £'000	Other fixed assets £'000	Property and tenants' improvements £'000	Totals £'000
COST				
At 31 March 2019	43	-	397	440
Additions	-	274	222	496
At 31 March 2020	43	274	619	936
DEPRECIATION				
At 31 March 2019	37	-	84	121
Charge for year	3	-	77	80
At 31 March 2020	40	-	161	201
NET BOOK VALUE				
At 31 March 2020	3	274	458	735
At 31 March 2019	6	-	313	319

8. STOCKS

	2020 £'000	2019 £'000
Goods for resale	429	412
	<u>429</u>	<u>412</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade debtors	63	34
Amounts due from group undertakings	3,335	4,839
Other debtors	157	43
	<u>3,555</u>	<u>4,916</u>

Intercompany balances are interest free.

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020****10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £'000	2019 £'000
Trade creditors	177	-
Amounts owed to group undertakings	7,086	7,814
Social security and other taxes	30	45
VAT	879	862
Other creditors	58	36
Accruals and deferred income	484	502
	<u>8,714</u>	<u>9,259</u>

Included in other creditors are pension contributions of £30,179 (2019 – £28,308).

Intercompany balances are interest free.

11. DEFERRED GOVERNMENT GRANTS

	2020 £'000	2019 £'000
Opening balance	67	73
Amortised in year	<u>(7)</u>	<u>(6)</u>
Closing balance	<u>60</u>	<u>67</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:

	2020 £'000	2019 £'000
Within one year	76	92
Between one and five years	<u>67</u>	<u>147</u>
	<u>143</u>	<u>239</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £'000	2019 £'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 2020**

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 £217,000 (2019 - £188,000). In the year to 31 March 2020 the employer contribution rate was 17.9% (2019 – 16.6%).

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.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2020	2019
	£'000	£'000
Present value of funded benefit obligation	3,303	2,797
Fair value of plan assets	<u>(2,140)</u>	<u>(1,903)</u>
Deficit	<u>1,163</u>	<u>894</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 and loss are as follows:

	Defined benefit pension plans	
	2020	2019
	£'000	£'000
Current service cost	428	370
Net interest cost	21	15
Past service cost	88	-
Administration expenses	<u>5</u>	<u>5</u>
	<u>542</u>	<u>390</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020****15. EMPLOYEE PENSION BENEFIT OBLIGATIONS (continued)**

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

	Defined benefit pension plans	
	2020 £'000	2019 £'000
Opening defined benefit obligation	2,797	2,308
Current service cost	428	370
Interest on pension liabilities	72	61
Member contributions	81	73
Past service cost	88	-
Experience gains on liabilities	(10)	-
Actuarial (gain)/loss on assumptions	(134)	134
Benefits/transfers paid	(19)	(149)
	<u>3,303</u>	<u>2,797</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	1,903	1,660
Employer contributions	217	190
Member contributions	81	73
Interest on plan assets	51	46
Re-measurements	(88)	88
Administration expenses	(5)	(5)
Benefits/transfers paid	(19)	(149)
	<u>2,140</u>	<u>1,903</u>

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

	Defined benefit pension plans	
	2020 £'000	2019 £'000
Actuarial gains/(losses)	<u>56</u>	<u>(46)</u>

BON ACCORD SUPPORT SERVICES LIMITED (SC432814)

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

15. 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
Life expectancy	Females	Females
Current pensioners	24.2 years	25.0 years
Future pensioners	26.3 years	28.1 years

16. RELATED PARTY DISCLOSURES

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

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

17. ULTIMATE PARENT COMPANY

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