

Scottish Borders Supports LLP

Members' report and financial statements

Registered number SO305176

For the period ended 31 March 2017

DRAFT

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Members' report

The members present their annual report and audited financial statements for the year ended 31 March 2017.

Principal Activity

The principal activity of Scottish Borders Supports LLP (SB Supports) is the provision of Adult Social Care services.

These financial statements represent the results of the year from 1 April 2016 until 31 March 2017.

The partnership employs 10 staff (10 full time equivalents) in 10 positions.

Designated Members

SB Supports LLP had two members during the period, Scottish Borders Council and SBC Nominees Limited, both of whom are designated members.

Business Review

Governance

The Board of Management is subject to the provision of the Members Agreement and neither the LLP nor the Board of Management shall make decisions in respect of the reserved matters set out in the agreement.

The Board of Management consists of:

- a) The Managing Director
- b) The Finance and Commercial Director
- c) The Operations Director
- d) The Chair

In addition up to five additional persons can be assumed to the Board of Management, where the persons have skills, knowledge or experience deemed to be useful to the Board of Management in fulfilling its obligations and functions to the LLP and its members. There are currently two additional persons on the Board of Management.

The meetings of the Board of Management are held on a monthly basis. The LLP meets with Scottish Borders Council quarterly at the Council's Limited Liability Partnership Strategic Governance Group Committee. In addition the Chief Executive of Scottish Borders Council may at any time invite the LLP Officers to attend a meeting of the Council's Corporate Management Team to discuss such matters related to the Members Agreement and the Services of the Business.

The overall business structure remained consistent in 2016/17.

Members' report *(continued)*

Financial Results for the Period

In the period ended 31 March 2017, SB Supports LLP generated a loss of £310k. No profit distribution was made to members for the period. Net current assets were £20k and total net liabilities attributable to members were (£20k). SB Supports LLP's financial statements have been prepared on a going concern basis.

Overall SB Supports performed as expected in its original Business Case for its second year of trading in being able to deliver a contribution to Scottish Borders Council of £1.127m.

Risk Management

SB Supports LLP recognises the importance of the management of corporate risk and applies appropriate corporate governance to ensure it is successfully monitored and managed.

The overall pressure on public finances whilst there is increasing demand for services continues to be the dominant risk to the LLP. Budget pressures and service reduction within Scottish Borders Council has an effect as the LLP provides key services to this main client group. SB Supports continues to monitor the change in business operation and address the mitigation of risk proactively.

Cash flow management procedures are in place to ensure that resources are managed effectively. This management of resources has ensured the company has never been required to use a bank overdraft facility.

SB Supports has adopted Scottish Borders Council's (SBC's) corporate risk policy to embed risk management into its business practices. During 2015 SB Supports Senior Management attended SBC's refreshed corporate risk management training course in recognition that risk management is part of their job. SB Supports has developed its risk register to reflect risks and mitigations associated with the delivery of its 2017-2022 Business Plan. The risk register will be regularly reviewed by its Senior Management Team and Board of Management as part of its performance monitoring processes. Scottish Borders Council's Internal Audit function through a Service Level Agreement carries out regular audits of business functions and areas of risk whose findings are reported to the Board of Management.

The business is subject to further enhanced governance procedures and it reports to the Council's LLP Strategic Governance Group.

Employees & Stakeholders

SB Supports LLP is an Equal Opportunities employer and is committed to eliminating discrimination, victimisation, bullying and harassment amongst our workforce. Our Equal Opportunities Policy and Equality and Diversity Programme are in place to ensure our staff will be treated fairly and with dignity and respect at all times.

Members' report (continued)

Our commitment to equality is supported by a legal duty to provide all services and employment opportunities fairly and to adhere to all relevant codes of practice. We welcome our responsibilities as an employer, as a provider of services, and value the legislation that supports our policy commitments to equality and fairness.

Consultation with stakeholders is a key element in ensuring that continuous improvement in service provision is achieved and maintained. SB Supports LLP is responsive to the needs of its communities, citizens, customers and other stakeholders, and its plans and priorities are based on such an understanding. Involving key stakeholders in the decision-making process will continue to help to identify future policy and service priorities, and improvements that are required.

Transactions with Members

No remuneration of members occurred during the period. The members' share in the profit or loss for the period is accounted for as an allocation of profits with unallocated profits and losses included within 'other reserves'. SB Supports LLP transacts with one of its members, Scottish Borders Council. These transactions are covered by Service Provision Agreements agreed on 1st April 2015.

Activity Summary

SB Cares supported 12,000 clients, families and carers in 2016/17 through the provision of its adult social cares services by:

- Delivering 821,000 visits to enable people to remain in their own homes
- Issued 45,000 pieces of ability equipment to support people live more independently
- Supported 3,200 clients maintain independence with 24 hour monitored personal alarms
- Provide 24 hour support to 190 clients in a care home environment with for those people with higher level needs
- Supported 150 clients in our day services enabling people to remain at home and providing respite to families and carers

The Board of Management delivery a number of the objectives set out in the 2016/17 business plan during:

- *Improved the quality of our services with 84% of services receiving Care Inspectorate grades of good or above*
- *establish its self as provider of last resort stepping in on behalf of Scottish Borders Council to provide emergency support to vulnerable clients*
- *to deliver efficient and effective services through new ways of working by sharing staff and expertise across services types*

Members' report (continued)

- *create the ability to provide and sell a range of services to people who do not meet the Council's current eligibility criteria launching our direct sales of personal alarms and ability equipment*
- *identifying and deliver recurring procurement savings through a new procurement strategy for the business working in partnership with our suppliers*
- *are on track to deliver a contribution to the Scottish Borders Council of £1.127m for 2016/17*

SB Cares Board of Management has set out its Business Plan for 2017-2022 with the focus on delivering our three strategic aims with 6 key priorities.

Strategic Aims

- 1. Quality – have a team of staff who can deliver seamless, high quality care and support to every client*
- 2. Efficiency – to develop our staff, resources and finances as efficiently and effectively as possible, ensuring best value*
- 3. Business growth – to expand and grow the services we provided for the people of the Scottish Borders and generate income to invest in future care services*

Our Priorities:

1. Invest in our staff
2. Make our services as efficient and effective as possible
3. Modernise our services through technology
4. Grow and develop our business
5. Build on key partnerships
6. Develop excellent governance

Disclosure of information to auditor

The members who held office at the date of approval of this members' report confirm that, so far as they are aware, there is no relevant audit information of which the Partnership's auditor is unaware; and each member has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be appointed and KPMG LLP will therefore be in office.

The financial statements were authorised for issue on x September 2017.

Approved by the members and signed on x September 2017 by

For and on behalf of
Scottish Borders Supports LLP
Designated member

Registered Office:-

SB Cares
Bristol Building
Newtown St Boswells
TD60SA

Independent auditor's report to the members of Scottish Borders Supports LLP

We have audited the financial statements of Scottish Borders Supports LLP for the period ended 31 March 2016 set out on pages 10 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework. This report is made solely to the members of the limited liability partnership (LLP), as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 7 the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- *give a true and fair view, of the state of affairs of the LLP as at 31 March 2016 and of its loss for the period then ended;*
- *have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and*
- *have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.*

***Independent auditor's report to the members of Scottish Borders Supports
LLP (continued)***

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships 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*
- we have not received all the information and explanations we require for our audit.*

Hugh Harvie

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Saltire Court

20 Castle Terrace

Edinburgh

EH12EG

Profit and Loss Account

For the period ended 31 March 2016

Period ended 31 March

	Notes	2017 £000	2016 £000 Restated
Turnover	2	17,538	17,521
Cost of sales		<u>(17,075)</u>	<u>(16,722)</u>
Gross profit		463	799
Administrative expenses		<u>(779)</u>	<u>(516)</u>
Operating (loss)/profit		(316)	283
Interest receivable and similar income	5	<u>6</u>	<u>7</u>
(Loss)/profit on ordinary activities before and after taxation being (loss)/ profit for the financial period before members' remuneration and profit shares		<u>(310)</u>	<u>290</u>
(Loss)/profit for the financial period available for discretionary division among members		<u>(310)</u>	<u>290</u>

All of the LLP's operations are classed as continuing.

Other Comprehensive Income

For the year ended 31 March 2017

	Notes	2017 £000	2016 £000 Restated
(Loss)/profit for the year available for discretionary division among members		(310)	290
Other comprehensive income for the period, net of income tax			
Total comprehensive income for the period		<u>(310)</u>	<u>290</u>

The accompanying notes form integral part of these financial statements.

Balance Sheet

at 31 March 2017

	Note	2017 £000	2016 £000 Restated
Fixed assets	7	<u>678</u>	<u>342</u>
Current assets			
Stock	8	74	31
Debtors	9	221	782
Cash at bank and in hand		<u>2,946</u>	<u>1,408</u>
		3,241	2,221
Creditors: amounts falling due within one year	10	<u>(3,939)</u>	<u>(2,273)</u>
Net current assets/(liabilities)		<u>(20)</u>	<u>(52)</u>
Total assets less current liabilities		<u>(20)</u>	<u>290</u>
Net assets/(liabilities)		<u>(20)</u>	<u>290</u>
Members' other interests			
Members' capital		-	-
Other reserves		<u>(20)</u>	<u>290</u>
Total other reserves		<u>(20)</u>	<u>290</u>

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the members on x September 2017 and were signed on its behalf by:

For and on behalf of
Scottish Borders Supports LLP
Designated member

Company registered number: **SO305176**

Statement of Change in Net Assets Attributable to Partners

For the year ended 31 March 2017

	Members' Capital	Other Reserves	Total Other Reserves	Total Members' Interest
	£000	£000	£000	£000
Balance at 31 March 2016 as previously reported	-	(25)	(25)	(25)
Restatement due to change of accounting policy (see note 1)	-	315	315	315
Balance at 31 March restated	-	<u>290</u>	<u>290</u>	<u>290</u>
Movement in the period	-	<u>(310)</u>	<u>(310)</u>	<u>(310)</u>
Balance at 31 March 2017	-	<u>(20)</u>	<u>(20)</u>	<u>(20)</u>

The accompanying notes form an integral part of the financial statements

Notes *(forming part of the financial statements)*

1 - Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Limited Liability Partnership's financial statements.

Basis of preparation

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

The financial statements have been prepared under FRS101 *Reduced Disclosure Framework*.

The LLP's financial statements are fully consolidated in the group financial statements prepared and published by Scottish Borders Council. This entitles the LLP to use the exemption from the preparation of a cash flow statement as stated in International Accounting Standard 1 'cash flow statements' ("**IAS1**").

As the LLP is a wholly owned subsidiary of Scottish Borders Council, the LLP has taken advantage of the exemption contained in International Accounting Standard 24 'related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group as related parties.

Going concern

The LLP's business activities, together with the factors likely to affect its future development, performance and position, are set out in the members' report on page 3. The members have a reasonable expectation that despite there being a negative net worth at the end of the year the LLP has adequate resources to continue in operational existence for the foreseeable future with a service provision agreement in place for Adult Social Cares service from Scottish Borders Council, until 2020. Thus the members continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Members' remuneration and allocation of profits

Members are not remunerated by the LLP. A member's share in the profit or loss for the accounting period is accounted for as an allocation of profits. Unallocated profits and losses are included within 'other reserves'.

Members' capital

The capital requirements of the LLP are determined from time to time by the members. No interest is paid on capital.

Value added tax

The LLP is registered for VAT purposes. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Notes (continued)

Fixed assets

Assets purchased in excess of the de minimis level of £1,000 or grouped £5,000 are included in the balance sheet as fixed assets. Depreciation is applied in the period from 1 April in the financial year following their acquisition.

Depreciation is charged on a straight line basis and the useful life of an asset is deemed to be:

I.T. Systems	3 years
Plant and Equipment	5 years
Rehabilitation Equipment	5-10 years

Assets disposed of, or taken out of use will be fully written off in period of disposal or removal from use.

Fixed Assets-Prior Year Adjustment

The accounts have been restated to incorporate the effect of a change in accounting policy with regard to rehabilitation equipment. This equipment is held for distribution to clients for use to maintain independence in their own homes.

This expenditure was previously expensed through the profit and loss account. The Board of Management have reviewed the policy and have agreed that it is more appropriate to capitalise some of this expenditure in the balance sheet and apply depreciation over the estimated economic useful life of the asset. This provides a more accurate reflection of the resources deployed by SB Supports LLP in supplying its services.

Summary of the prior year accounting impact	£000s
Increase in fixed assets	<u>315</u>
Prior year adjustment-increase in members' reserve	<u>315</u>

Taxation

Taxation on all partnership profits is solely the liability of individual members. Consequently neither taxation nor related deferred taxation arising in the LLP are accounted for in these financial statements.

Income recognition

Income is recognised in the accounting period to which it relates. Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. Income received in advance is included in the balance sheet within creditors: amounts falling due within one year.

Notes (continued)

Stock

Stock is valued at the lower of cost and net realisable value in line with the requirements of International Accounting Standard 2 "Inventories" ("IAS2")

Leases

Operating lease rentals are charged to the Profit & Loss Account on a straight line basis over the period of the lease.

2 Turnover

Turnover represents the invoiced value of goods and services supplied under the principal activities of the LLP.

3 Staff numbers and costs

The average Full Time Equivalent number of persons employed by the LLP during the period, analysed by category, was as follows:

Number of employees (FTE)

	2017	2016
	£000	£000
Administration	11	<u>10</u>

Staff costs for the above persons were:

Wages and salaries	419	331
Social security costs	43	30
Pension costs	<u>56</u>	<u>44</u>
	<u>518</u>	<u>405</u>

4 Expenses and auditors' remuneration

Included in the (loss)/profit for the year are the following

	2017	2016
	£000	£000
Audit of these financial statements	<u>22</u>	<u>15</u>

Notes (continued)

5 Other interest receivable and similar income

	2017	2016
	£000	£000
Other interest receivable	<u>6</u>	<u>7</u>

6 Particulars of members

The number of members of the Limited Liability Partnership for the period was two. No remuneration was paid to either member.

Notes (continued)

7 Fixed assets

	IT Systems £000	Plant & Equipment £000	Rehabilitation equipment £000	Total £000
At 31 March 2016 as previously stated	15	12		27
Recognition of assets due to change in accounting policy (see note 1)			315	315
At 31 March 2016 as restated	<u>15</u>	<u>12</u>	<u>315</u>	<u>342</u>
Additions		57	313	370
At 31 March 2017	<u>15</u>	<u>69</u>	<u>628</u>	<u>712</u>
Depreciation				
At 31 March 2016				
Charge for the year	<u>4</u>	3	28	35
At 31 March 2016	<u>4</u>	<u>3</u>	<u>28</u>	<u>35</u>
Net book value				
At 31 March 2016	<u>15</u>	<u>12</u>	<u>315</u>	<u>342</u>
At 31 March 2017	<u>11</u>	<u>66</u>	<u>600</u>	<u>677</u>

Notes (continued)

8 Stock

	2017	2016
	£000	£000
Raw materials and consumables	74	31

9 Debtors

	2017	2016
	£000	£000
Trade debtors	21	39
Amounts owed by group undertakings	55	576
Prepayments and accrued income	<u>145</u>	<u>167</u>
	<u>221</u>	<u>782</u>

10 Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	18	38
Amounts owed to group undertakings	366	415
Other creditors	706	542
Value added tax	507	839
Accruals and deferred income	<u>2,342</u>	<u>440</u>
	<u>3,939</u>	<u>2,273</u>

11 Post Balance Sheet Events

There were no post balance sheet events requiring adjustment or disclosure within the financial statements.

12 Ultimate parent organisation

The LLP's ultimate parent undertaking is Scottish Borders Council, one of its designated members, as this is the largest group into which the results of the LLP are consolidated. The consolidated group financial statements of Scottish Borders Council may be obtained from its registered office at the Scottish Borders Council offices, Newtown St Boswells, TD6 0SA.