

Scottish Borders Supports LLP (DRAFT)

Members' report and financial statements

Registered number SO305176

For the period ended 31 March 2016

(Incorporated on 15th December 2014)

Contents

Members' report	3
Statement of members' responsibilities in respect of the Members' Report and the financial statements	7
Independent auditor's report to the members of Scottish Borders Supports LLP	8
Profit and Loss Account	10
Statement of Total Recognised Gains and Losses	10
Balance Sheet	11
Reconciliation of Movements in Members' Funds	12
Notes	13

Members' report

The members present their annual report and audited financial statements for the period ended 31 March 2016.

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 period of trading from 1 April 2015 until 31 March 2016.

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 2015/16.

Members' report *(continued)*

Financial Results for the Period

In the period ended 31 March 2016, SB Supports LLP generated a loss of £25k. No profit distribution was made to members for the period. Net current assets were (£53k) and total net assets attributable to members were (£25k). 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 first year of trading in being able to deliver a contribution to Scottish Borders Council of £480k.

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 is currently developing its risk register to reflect risks and mitigations associated with the delivery of its approved 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 Finance and Commercial Director and 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 Supports successfully launched its business on the 1st April 2015 to provide Adult Social Care across the Borders.

The Board of Management have focused on the delivery of the objectives set out in the approved business plan during the first year:

- to maintain and improve high quality services
- establish its self as provider of last resort ensuring the Council continues to meet its statutory obligations
- to deliver efficient and effective services reducing budget running cost of services to the Council
- create the ability to provide and sell a range of services to people who do not meet the Council's current eligibility criteria
- identifying and deliver recurring procurement savings through a new procurement strategy for the business

In the first year SB Supports successfully:

- reduced the running cost of its services by £480k
- increased its Home Care service by 1200 hours per week
- launched its online ability equipment service
- invested in the development of selling a range of service

Members' report *(continued)*

SB Supports continues to develop services in accordance with its Business Plan in 2016/2017 with the focus on:

- reducing the running cost of services for the Council
- working with partners to develop innovate outcome-focused services which meet current and future demand supporting the needs of social care and health clients
- developing cost effective services to compete in the commercial market
- continuing to be the Council's provider of last resort

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 xx September 2016.

Approved by the members and signed on xx September 2016 by

Debbie Collins

For and on behalf of

Scottish Borders Supports LLP

Designated member

Registered Office:-

SB Cares

Bristol Building

Newtown St Boswells

TD60SA

Statement of members' responsibilities in respect of the Members' Report and the financial statements

The members are responsible for preparing the Members' Report and the LLP financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial period . Under that law the members have elected to prepare the LLP financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members 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 LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

We have audited the financial statements of SB 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).

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 profit 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
EH1 2EG

Xx September 2016

Profit and Loss Account

For the period ended 31 March 2016

	<i>Note</i>	period ended 31 March 2016 £000
Turnover	2	17,521
Cost of sales		<u>(17,037)</u>
Gross profit	3	484
Administrative expenses		<u>(516)</u>
Operating loss	4	(32)
Interest receivable and similar income	6	<u>7</u>
Loss on ordinary activities before and after taxation being profit for the financial period before members' remuneration and profit shares		<u>(25)</u>
Loss for the financial period available for discretionary division among members		<u><u>(25)</u></u>

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

Statement of Total Recognised Gains and Losses

For the period ended 31 March 2016

	<i>Note</i>
	Period ended 31 March 2016 £000
Loss for the year available for discretionary division among members	(25)
Total recognised gains and losses for the period	<u><u>(25)</u></u>

The accompanying notes form integral part of these financial statements.

Balance Sheet

at 31 March 2016

	<i>Note</i>	Period ended 31 March 2016 £000
Fixed assets	8	<u>27</u>
Current assets		
Stock	9	31
Debtors	10	455
Cash at bank and in hand		<u>1,408</u>
		1,894
Creditors: amounts falling due within one year	11	<u>(1,946)</u>
Net current liabilities		
(53)		
Total assets less current liabilities		<u>(25)</u>
Net liabilities		<u>(25)</u>
Members' other interests		
Members' capital		-
Other reserves		<u>(25)</u>
Total other reserves		<u>(25)</u>

The accompanying notes form integral part of these financial statements.

These financial statements were approved by the members on xx September 2016 and were signed on its behalf by:

Debbie Collins

**For and on behalf of
Scottish Borders Supports LLP**
Designated member

Company registered number: **SO305176**

Reconciliation of Movements in Members' Funds

For the period ended 31 March 2016

	Members' Capital		Other Reserves	Total other Reserves	Total Members' Interest
	£000		£000	£000	£000
Balance at 1 April 2015	-	-	-	-	-
Loss for the period available for discretionary division among members	-	-	(25)	(25)	(25)
Balance at 31 March 2016	<u>-</u>	<u>-</u>	<u>(25)</u>	<u>(25)</u>	<u>(25)</u>

The accompanying notes form 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 and in accordance with the Statement of Recommended Practice 'accounting by limited liability partnerships' ("**LLP SORP**").

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 first year the LLP has adequate resources to continue in operational existence for the foreseeable future with a 5 year service provision agreement in place for Adult Social Cares service from Scottish Borders Council. 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.

Fixed assets

In accordance with parent company guidelines, assets purchased in excess of the de minimis level of £1,000.00 or grouped £5000 are included in the balance sheet as fixed assets. In line with the accounting policies of the parent organisation, depreciation is applied in the period from 1 April based on asset valuations as at 31 March of the previous financial period.

Notes (continued)

1 Accounting policies (continued)

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

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

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.

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.

Notes (continued)

5 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)
	2016
Administration	<u>10</u>

Staff costs for the above persons were:

	2016
	£000
Wages and salaries	331
Social security costs	30
Pension costs	<u>44</u>
	<u>405</u>

6 Other interest receivable and similar income

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

7 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)

8 Fixed assets

	IT Systems	Plant & Equipment	Total	
	£000	£000	£000	£000
Cost				
At 1 April 2015	-	-	-	-
AdditionDisposals	<u>15</u>	<u>12</u>	<u>0</u>	<u>27</u>
At 31 March 2016	<u>15</u>	<u>12</u>	<u>-</u>	<u>27</u>
Depreciation				
At 1 April 2015	-	-	-	-
Charge for the year	-	-	-	-
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 1 April 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value				
At 31 March 2016	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
At 31 March 2016	<u>15</u>	<u>12</u>	<u>0</u>	<u>27</u>

9 Stock

2016

£000

Raw materials and consumables

31

10 Debtors

2016

£000

Trade debtors

39

Amounts owed by group undertakings

249

Prepayments and accrued income

167

455

Notes (continued)

11 Creditors: amounts falling due within one year

	2016
	£000
Trade creditors	38
Amounts owed to group undertakings	78
Other creditors	541
Value added tax	839
Accruals and deferred income	<u>440</u>
	<u>1,936</u>

12 Post Balance Sheet Events

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

13 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.

,