SB Cares
Bristol Building
Newtown St Boswells
Melrose, TD6 0SA

01835 826 700
sbcares.co.uk

**PRIVATE & CONFIDENTIAL**
KPMG LLP
20 Castle Terrace
Edinburgh
EH1 2EG

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|---|---|
| **Please ask for:** | Philip Barr |
| **Our Ref:** | KPMG/PB/CH |
| **Your Ref:** | |
| **E-Mail:** | PBarr@scotborders.gov.uk |
| **Date:** | 18th September 2017 |

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Scottish Borders Supports LLP ("the LLP"), for the year ended 31 March 2017, for the purpose of expressing an opinion:

i. as to whether these financial statements give a true and fair view of the state of the Partnership's affairs as at 31 March 2017 and of the LLP's profit or loss for the financial year then ended;
ii. whether the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice (including Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101")); and
iii. whether the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

These financial statements comprise the Balance Sheet, the Profit and Loss Account, Statement of Other Comprehensive Income, the Statement of Changes in Net Assets Attributable to Partners and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Board confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Board confirms that the LLP meets the definition of a qualifying entity and meets the criteria for applying FRS 101.

The Board confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

**Financial statements**

1. The Board has fulfilled its responsibilities, as set out in the terms of the audit engagement dated 23 March 2016, for the preparation of financial statements that:

i. give a true and fair view of the state of the LLP's affairs as at the end of its financial year and of its profit or loss for that financial year;
ii. have been properly prepared in accordance with UK Generally Accepted Accounting Practice (including FRS 101); and
iii. have been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Board in making accounting estimates, including those measured at fair value, are reasonable.

3. All events subsequent to the date of the financial statements and for which IAS 10 *Events after the reporting period* as applied under FRS 101, requires adjustment or disclosure have been adjusted or disclosed.

4. In respect of the restatement *capitalising rehabilitation assets purchased in the prior financial period ending 31st March 2016,* made to correct a material misstatement in the prior period financial statements, the Board confirms that the restatement is appropriate.

**Information provided**

5. The Board has provided you with:

- access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
- additional information that you have requested from the Board for the purpose of the audit; and
- unrestricted access to persons within the LLP from whom you determined it necessary to obtain audit evidence.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. The Board confirms the following:

i) The Board has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

ii) The Board has disclosed to you all information in relation to:

a) Fraud or suspected fraud that it is aware of and that affects the LLP and involves:
   - management;
   - employees who have significant roles in internal control; or
   - others where the fraud could have a material effect on the financial statements; and
b) allegations of fraud, or suspected fraud, affecting the LLP's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Board acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Board acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

8. The Board has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

9. The Board has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as applied under FRS 101, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

10. The Board has disclosed to you the identity of the LLP's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 *Related Party Disclosures,* as applied under FRS 101. The Board confirms that the LLP has taken advantage of the exemption in FRS 101 paragraph 8 (k) and has therefore not included the exempted information in the financial statements.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in IAS 24.

11. The Board confirms that:

    a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the LLP's ability to continue as a going concern as required to provide a true and fair view.
    b) No events or circumstances have been identified that may cast significant doubt on the ability of the LLP to continue as a going concern.

This letter was approved for signature on 18th September 2017.

Yours faithfully,

Phillip Barr
Managing Director

**<u>Appendix to the Board Representation Letter of *Scottish Borders Supports LLP:* Definitions</u>**

## Criteria for applying FRS 101

- The LLP's members have been notified in writing about, and do not object to, the use of the disclosure exemptions
- The LLP otherwise applies as its financial reporting framework the recognition, measurement and disclosure requirements of IFRS as adopted by the EU, but makes amendments to IFRS as adopted by the EU requirements where necessary in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, given that the financial statements that it prepares are Companies Act accounts as defined in section 395(1)(a) of the Companies Act 2006, not IAS accounts as defined in section 395(1)(b) of the Companies Act 2006.
- The LLP discloses in the notes to its financial statements:
    a) A brief narrative summary of the disclosure exemptions adopted; and
    b) The name of the parent of the group in whose consolidated financial statements its financial statements are consolidated, and from where those financial statements may be obtained

## Financial Statements

A complete set of financial statements (before taking advantage of any of the FRS 101 disclosure exemptions) comprises:

- a Balance Sheet as at the end of the period;
- a Profit and Loss account for the period;
- a Statement of Other Comprehensive Income;
- a Statement of Changes in Equity for the period;
- a Statement of Cash Flows for the period;
- notes, comprising a summary of significant accounting policies and other explanatory information.

## Material Matters

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

> "Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor."

## Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

**Error**

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

a) was available when financial statements for those periods were authorised for issue; and
b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

**Management**

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

**Qualifying Entity**

A member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation by means of full consolidation.

A charity may not be a qualifying entity.

**Related Party and Related Party Transaction**

**Related party:**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

a) A person or a close member of that person's family is related to a reporting entity if that person:
    i. has control or joint control over the reporting entity;
    ii. has significant influence over the reporting entity; or
    iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
b) An entity is related to a reporting entity if any of the following conditions applies:
    i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
iii. Both entities are joint ventures of the same third party.
iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
vi. The entity is controlled, or jointly controlled by a person identified in (a).
vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

a) a government that has control or joint control of, or significant influence over, the reporting entity; and
b) another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.

**Related party transaction:**

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.