

Scottish Borders Supports LLP

Members' report and financial statements

Registered number SO305176

For the year ended 31 March 2017

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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 year, 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 were two additional persons on the Board of Management at the balance sheet date

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 Year**

In the year ended 31 March 2017, SB Supports LLP generated a loss of £310k. No profit distribution was made to members for the year. Net current liabilities 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 partnership is subject to review and scrutiny by 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 year. The members' share in the profit or loss for the year 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 1<sup>st</sup> 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
- Issuing 45,000 pieces of ability equipment to support people live more independently
- Supporting 3,200 clients maintain independence with 24 hour monitored personal alarms
- Providing 24 hour support to 190 clients in a care home environment with for those people with higher level needs
- Supporting 150 clients in our day services enabling people to remain at home and providing respite to families and carers

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

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

## **Members' report** (continued)

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 18<sup>th</sup> September 2017.

Approved by the members and signed on 18<sup>th</sup> September 2017 by

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

*Designated member*

### **Registered Office:-**

**SB Cares**  
**Council HQ**

**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 year. 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), including FRS 101 *Reduced Disclosure Framework*.

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 Scottish Borders Supports LLP for the year ended 31 March 2017 set out on pages 10 to 19. 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](http://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 2017 and of its loss for the year 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 (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

Saltire Court

20 Castle Terrace

Edinburgh

EH1 2EG

**Date**

## Profit and Loss Account

*For the year ended 31 March 2017*

	Notes	2017 £000	2016 £000 Restated
<b>Turnover</b>	2	17,538	17,521
Cost of sales		<u>(17,075)</u>	<u>(16,722)</u>
<b>Gross profit</b>		463	799
Administrative expenses		<u>(779)</u>	<u>(516)</u>
<b>Operating (loss)/profit</b>		(316)	283
Interest receivable and similar income	5	<u>6</u>	<u>7</u>
<b>(Loss)/profit on ordinary activities before and after taxation</b>		<u>(310)</u>	<u>290</u>
 <b>(Loss)/profit for the financial year available for discretionary division among members</b>		 <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
<b>Total comprehensive income for the year</b>		<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 <b>Restated</b>
<b>Fixed assets</b>	7	<u>678</u>	<u>342</u>
<b>Current assets</b>			
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
<b>Creditors: amounts falling due within one year</b>	10	<u>(3,939)</u>	<u>(2,273)</u>
<b>Net current ( liabilities)</b>		<u>(698)</u>	<u>(52)</u>
<b>Total assets less current liabilities</b>		<u>(20)</u>	<u>290</u>
<b>Net (liabilities)/assets</b>		<u>(20)</u>	<u>290</u>
<b>Members' other interests</b>			
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 18<sup>th</sup> 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*

	<b>Members' Capital</b>	<b>Other Reserves</b>	<b>Total Other Reserves</b>	<b>Total Members' Interest</b>
	£000	£000	£000	£000
Balance at 31 March 2015 as previously reported	-	-	-	-
Loss for the financial period	-	(25)	(25)	(25)
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 2016 restated	-	<b><u>290</u></b>	<b><u>290</u></b>	<b><u>290</u></b>
Loss for the financial year	-	<b><u>(310)</u></b>	<b><u>(310)</u></b>	<b><u>(310)</u></b>
<b>Balance at 31 March 2017</b>	-	<b><u>(20)</u></b>	<b><u>(20)</u></b>	<b><u>(20)</u></b>

**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 in accordance with FRS101. In preparing these financial statements, the Company applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS101 disclosure exemptions have been taken.

In these financial statements, the Company has applied the exemptions available under FRS101 in respect of the following disclosures:

- a cash flow statements and related notes;
- comparative period reconciliations of share capital;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of the compensation of Key Management Personnel.

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.

## Notes (continued)

### **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**

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.

### **Restatement - Fixed Assets**

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.

**Notes** (continued)

Summary of the prior year accounting impact: Balance sheet

	As previously stated £000	Adjustment £000	Restated £000
Fixed assets	27	315	342
Current assets	2,221	-	2,221
Creditors	(2,273)	-	(2,273)
<b>Net assets/(liabilities)</b>	<b>(25)</b>	<b>315</b>	<b>290</b>
Represented by:			
Members' capital	-	-	-
Other reserves	(25)	315	290

Summary of the prior year accounting impact: Profit & Loss account

	As previously stated £000	Adjustment £000	Restated £000
Turnover	17,521	-	17,521
Cost of sales	(17,037)	315	(16,722)
Other expenses	(509)	-	(509)
Operating profit	(25)	315	290

***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.

***Trade and other debtors***

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

## **Notes** (continued)

### ***Trade and other creditors***

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

### ***Interest-bearing borrowings***

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest model, less any impairment losses.

### ***Financial assets (including trade and other debtors)***

A financial asset not carried at fair value through profit and loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be measured reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss.

### ***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**")

**Notes** (continued)

**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 year, analysed by category, was as follows:

**Number of employees (FTE)**

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

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

**5 Other interest receivable and similar income**

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

**6 Particulars of members**

The number of members of the Limited Liability Partnership for the year 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
<b>At 31 March 2017</b>	<u>15</u>	<u>69</u>	<u>628</u>	<u>712</u>
<b>Depreciation</b>				
At 31 March 2016	-	-	-	-
Charge for the year	4	3	27	34
<b>At 31 March 2017</b>	<u>4</u>	<u>3</u>	<u>27</u>	<u>34</u>
<b>Net book value</b>				
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>601</u>	<u>678</u>

**8 Stock**

	2017 £000	2016 £000
Raw materials and consumables	<u>74</u>	<u>31</u>

**9 Debtors**

	2017 £000	2016 £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>

**Notes** (continued)

**10 Creditors: amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	18	38
Amounts owed to group undertakings	366	415
Other creditors	706	541
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 Financial instruments**

The financial instruments held are trade receivables, cash and cash equivalents, trade creditors and other creditors. All are held at amortised cost which, given their short term nature is estimated to equate to fair value.

The partnership's exposure to credit risk is considered to be minimal given its principal trade debtor is Scottish Borders Council. Similarly given the nature of its business it is considered to have limited liquidity risk.

**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.