

REGISTERED NUMBER: SC416826

BON ACCORD CARE LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

BON ACCORD CARE LIMITED (SC416826)

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FOR THE YEAR ENDED 31 MARCH 2016**

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BON ACCORD CARE LIMITED (SC416826)

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016**

DIRECTORS

**Tim Gardiner
Alan Grant
Heather Gray
John MacLean
Andrew Newall
Graham Parker
Sandra Ross**

REGISTERED OFFICE

**Archibald Simpson House
27-29 King Street
Aberdeen
AB24 5AA**

REGISTERED NUMBER

SC416826

AUDITORS

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

BON ACCORD CARE LIMITED (SC416826)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

The Directors present their Strategic Report for the year ended 31 March 2016.

Bon Accord Care Limited provides elderly care, occupational therapy and learning and development 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 to Bon Accord Support Services which itself acts on behalf of Aberdeen City Council to provide these services. The company operates to a trading break even position with its sole customer Bon Accord Support Services Ltd. Financial activity through the company is exclusively payroll related, the company employing approximately 800 staff.

The company is wholly owned by Aberdeen City Council, with the sole purpose of delivering care to the adult population of the Aberdeen City Council area.

These accounts summarise the financial position for the year to 31 March 2016. The company shows a turnover of £20,159,629. The company aims to show a trading break-even on the business associated with its sole customer Bon Accord Support Services. This was achieved prior to an adjustment for pension deficit.

The accounts reflect the actuarially assessed pension deficit of £8,965,000, a decrease of £1,254,000 on the reported deficit of £10,219,000 at 31 March 2015. The deficit is associated with staff who are members of the North East Scotland Pension Fund, a Local Government Pension Scheme. When the changes to the overall pension valuation are reflected in the accounts the company reports a loss for the year of £1,800,000 and a total comprehensive income of £1,254,000. The pension fund is an average career salary pension arrangement. The cumulative deficit is reflected in our financial statements in accordance with FRS102 guidance.

Given this issue the Directors of the company have sought and have received the written assurance of Aberdeen City Council to continue to provide funding enabling the company to meet its financial obligations as they fall due.

The company is funded entirely by Aberdeen City Council via a sub-contract from Bon Accord Support Services Ltd. The financial pressures placed upon public bodies such as Aberdeen City Council present the most significant element of business risk to the company. Financial austerity within the public sector could force Aberdeen City Council to reduce their investment in adult care services. The company will always aim to deliver the maximum levels of quality care within the contract sum awarded by Aberdeen City Council.

2015/16 has seen an increase in employer pension contribution from 15.2% of pensionable pay in 2014/15 to 17.3%. The purpose of this increase is to recover the actuarially assessed pension deficit over time. The company will continue to trade at break-even with any additional staff pension costs being recovered through the sub-contract with Bon Accord Support Services Limited if appropriate, however the company will aim to contain the additional pension cost within the existing sub-contracted sum.

**STRATEGIC REPORT continued
FOR THE YEAR ENDED 31 MARCH 2016**

The drive to reduce unit costs will continue. The company has reduced staff sickness levels year-on-year from that in existence at the time of transfer of staff into the company. Staff productivity is improved by the careful revision of staff rotas to drive down unproductive time and reduce the use of agency staff. Significant benefits have been achieved through the expansion of the Support Pool, where the company operates an internal flexible staff resource to assist management to better balance workload to staffing levels, replacing a high proportion of the external agency staff previously contracted to cover staff sickness and holidays and in the process saving £135,000 in 2015/16 compared to equivalent agency staff costs. The use of our own Support Pool staff allows a more consistent and higher quality service to our service users.

Our services are being constantly re-examined to ensure the care delivery structure is appropriate and to make changes in service configurations where further efficiencies can be secured.

The company will deliver increasing levels of high quality care on a year on year basis.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a large, stylized initial 'J' followed by a long horizontal stroke that ends in a small loop.

JOHN MACLEAN

FINANCE DIRECTOR

DATE: 30th September 2016

BON ACCORD CARE LIMITED (SC416826)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report with the financial statements of the company for the year ended 31 March 2016.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2016.

DIRECTORS

The directors shown below have held office from 1 April 2015 to the date of this report:

Tim Gardiner
Alan Grant
Heather Gray
John MacLean
Andrew Newall
Graham Parker
Sandra Ross

Employee Policy

Bon Accord Care Ltd. employs staff regardless of race, gender, disability or sexual orientation. The company aims to apply best industry practice in supporting all staff to perform to the best of their abilities in their role within the organisation.

Staff Involvement

Bon Accord Care Limited believes strongly in open, honest and clear communication with all levels of staff within the organisation. The company also believe that communication must work both ways so staff are empowered to have confidence that if issues or concerns are raised they will be heard and acted upon as appropriate.

The company uses several methods to communicate with and involve staff in the management of the company. These are as follows:

1. BAC Chat: this is a quarterly newsletter in a "magazine" format sent to all staff and includes detail of developments in the company, new policies, company performance and any and all other information that is relevant or of interest to staff members.
2. Chat BAC: this is published 8 times each year, monthly when BAC Chat is not published. This is also sent to all staff and is a brief update on what is happening in the company.
3. Staff forums are held in all the main work areas quarterly, these are run by the Managing Director and are organised as a drop-in meeting open to all staff so they can raise issues or concerns directly with senior management of the organisation.
4. Senior management meet with union representatives on a monthly basis.
5. The company operates a scheme that reward staff with a Union Square voucher for i.e. a special achievement or simply working above and beyond the call of duty.

BON ACCORD CARE LIMITED (SC416826)

**REPORT OF THE DIRECTORS continued
FOR THE YEAR ENDED 31 MARCH 2016**

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, borrowings and derivative instruments 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are 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 auditors are aware of that information.

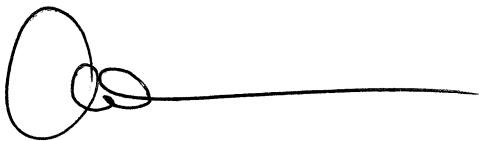
AUDITORS

The auditors, 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 November.

ON BEHALF OF THE BOARD:



JOHN MACLEAN

FINANCE DIRECTOR

DATE: 30th September 2016

BON ACCORD CARE LIMITED (SC416826)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2016**

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;
- 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BON ACCORD CARE LIMITED

We have audited the financial statements of Bon Accord Care Limited for the year ended 31 March 2016 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page eight, the directors 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material misstatements and material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 March 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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 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 director's remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

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

5 October 2016

BON ACCORD CARE LIMITED (SC416826)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2016**

CONTINUING OPERATIONS	Notes	Normal Operations £	Pension Adjustment £	2016 £	2015 £
TURNOVER	3	20,159,629	-	20,159,629	20,084,229
Cost of sales		<u>(20,114,028)</u>	<u>(1,446,000)</u>	<u>(21,560,028)</u>	<u>(21,338,569)</u>
GROSS PROFIT / (LOSS)		45,601	(1,446,000)	(1,400,399)	(1,254,340)
Administrative expenses		<u>(184,760)</u>	<u>(57,000)</u>	<u>(241,760)</u>	<u>(265,361)</u>
		(139,159)	(1,503,000)	(1,642,159)	(1,519,701)
Other operating income		<u>122,526</u>	-	<u>122,526</u>	<u>145,658</u>
OPERATING LOSS	5	(16,633)	(1,503,000)	(1,519,633)	(1,374,033)
Interest receivable and similar income		16,853	-	16,853	7,043
Other finance costs		<u>-</u>	<u>(297,000)</u>	<u>(297,000)</u>	<u>(312,000)</u>
PROFIT / (LOSS) BEFORE TAX		220	(1,800,000)	(1,799,780)	(312,000)
Corporation tax	6	<u>(220)</u>	-	<u>(220)</u>	-
LOSS FOR THE FINANCIAL YEAR		<u>-</u>	<u>(1,800,000)</u>	<u>(1,800,000)</u>	<u>(1,679,000)</u>

BON ACCORD CARE LIMITED (SC416826)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016 £	2015 £
LOSS FOR THE FINANCIAL YEAR		(1,800,000)	(1,679,000)
Other comprehensive income			
Actuarial gain / (loss) on defined benefit pension scheme	11	3,054,000	(345,000)
		<hr/>	<hr/>
Other comprehensive income for the year		3,054,000	(345,000)
		<hr/>	<hr/>
TOTAL OF COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR		1,254,000	(2,024,000)
		<hr/>	<hr/>

BON ACCORD CARE LIMITED (SC416826)**BALANCE SHEET
31 MARCH 2016**

	Notes	2016 £	2015 £
CURRENT ASSETS			
Debtors	7	301,273	1,838,124
Cash at bank and in hand		557,148	-
		<u>858,421</u>	<u>1,838,124</u>
CREDITORS			
Amounts falling due within one year	8	(858,321)	(1,838,024)
NET CURRENT ASSETS / (LIABILITIES)		<u>100</u>	<u>100</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		100	100
PENSION LIABILITY	11	(8,965,000)	(10,219,000)
NET LIABILITIES		<u>(8,964,900)</u>	<u>(10,218,900)</u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Retained earnings	10	(8,965,000)	(10,219,000)
SHAREHOLDERS' DEFICIT		<u>(8,964,900)</u>	<u>(10,218,900)</u>

The financial statements were approved by the Board of Directors on 30th September 2016 and were signed on its behalf by:



John MacLean

BON ACCORD CARE LIMITED (SC416826)**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 April 2014		100	(8,195,000)	(8,194,900)
Loss and total comprehensive expense for the year		-	(1,679,000)	(1,679,000)
Actuarial loss on defined benefit pension scheme		-	(345,000)	(345,000)
Balance at 31 March 2015		100	(10,219,000)	(10,218,900)
Loss and total comprehensive expense for the year		-	(1,800,000)	(1,800,000)
Actuarial gain on defined benefit pension scheme	13	-	3,054,000	3,054,000
Balance at 31 March 2016		100	(8,965,000)	(8,964,900)

1. ACCOUNTING POLICIES

Company information

Bon Accord Care Limited is a limited company domiciled and incorporated in Scotland. The registered office is Archibald Simpson House, 27-29 King Street, ABERDEEN, AB24 5AA.

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 pound.

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.

These financial statements for the year ended 31 March 2016 are the first financial statements of Bon Accord Care Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The transitional adjustments can be seen within the Reconciliations on adoption of FRS 102 statement in note 13.

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 expects to trade on a break-even basis for the foreseeable future, maximising the provision of care provided to the people of Aberdeen within the contracted sum. The pension deficit arising from the company's future commitments under North East Scotland Pension Fund clearly presents issues regarding the longer term going concern status of the company.

The company supplies its services to Bon Accord Support Services Limited (BASS) who in turn are contracted by Aberdeen City Council. BASS reported a trading profit for the year to 31st March 2016 however the company continues to carry a brought forward deficit relating to its first 8 months of operation. The pressure on the public sector finances continues both in 2016/17 and for the foreseeable future. The company's owner and ultimate customer (through the sub-contract with Bon Accord Support Services Limited) is facing material budgetary savings targets. Bon Accord Care Limited will take responsibility in addressing these financial challenges whilst maintaining activity and the highest levels of quality care possible within its financial limitations.

The management team have contingent planning in place for a reduction in available funds for adult social care over the next 3 years. We cannot be certain what the limitations on our contracted sum will be as public sector funding levels are set annually by the Scottish Government however we are planning on a prudent basis. Work is already underway to review all aspects of how we operate and manage the business to develop suitable plans that will deal with our business targets in the timescales required. The Directors are confident that the company will achieve all that is asked of it.

1. ACCOUNTING POLICIES – continued

Given the deficit position of BASS, the pension liability noted within the accounts and the anticipated contractual austerity the company has sought written assurance from Bon Accord Care's 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 until at least 30 September 2017.

Having obtained the agreement of Aberdeen City Council to continue to support the company in these circumstances the Directors are satisfied that it is appropriate to prepare the accounts on a going concern basis.

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax and is recognised when the company has earned the rights to consideration.

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.

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.

1. ACCOUNTING POLICIES – continued

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 Care Limited has been set up to exclusively provide Aberdeen City Council funded adult care services. The care provided does not involve a profit motive rather the aim is to maximise the amount of care within the contracted sum awarded. As such Corporation Tax is unlikely to be levied upon the trading activities of the company for the foreseeable future however, unearned income such as interest receivable on bank deposits can be subject to Corporation Tax.

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, are 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 of 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 10.

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

All of the company's turnover in the year was generated in the United Kingdom.

4. STAFF COSTS

	2016 £	2015 £
Wages and salaries	16,569,723	16,722,030
Social security costs	1,093,628	1,102,030
Other pension costs	3,896,677	3,514,509
	<u>21,560,028</u>	<u>21,338,569</u>

The average monthly number of employees during the year was as follows:

	2016	2015
Care Staff	<u>805</u>	<u>804</u>
	<u>805</u>	<u>804</u>

Each of the directors who served during the current and prior year were remunerated by other group companies. The directors do not consider it practical to meaningfully estimate the proportion of their remuneration that related to their services as directors of the company.

BON ACCORD CARE LIMITED (SC416826)**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2016****5. OPERATING LOSS**

The operating loss is stated after charging:

	2016 £	2015 £
Auditors remuneration	<u>5,975</u>	<u>6,250</u>

6. TAX ON PROFIT ORDINARY ACTIVITIES

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

	2016 £	2015 £
UK corporation tax	-	-
Adjustments in respect of previous periods	<u>220</u>	<u>-</u>
Tax on results of ordinary activities	<u>220</u>	<u>-</u>

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom as follows:

Loss on ordinary activities before tax	<u>(1,799,780)</u>	<u>(1,679,000)</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax the UK at 20% (2015: 21%)	(359,956)	(352,590)
Prior year adjustment	220	-
Group relief claimed	(4,455)	-
Pension liability adjustment	360,000	352,590
Deferred tax asset not recognised	<u>4,411</u>	<u>-</u>
Tax on results of ordinary activities	<u>220</u>	<u>-</u>
Tax charge per the accounts	<u>220</u>	<u>-</u>

During the year the UK corporation tax rate was decreased. Following Budget 2016 announcements there will be a further reduction in the main rate of corporation tax to 17% from 1 April 2020.

BON ACCORD CARE LIMITED (SC416826)

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2016**

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Amounts due from group undertakings	290,394	1,836,815
Other debtors	<u>10,879</u>	<u>1,309</u>
	<u>301,273</u>	<u>1,838,124</u>

The amount due from group undertakings included in 2015 £1,558,000 cash deposited in an interest bearing bank account, nil in 2016. The cash was immediately available but loaned on a temporary basis to Aberdeen City Council who manage the investment on the company's behalf.

Intercompany balances are interest free.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Bank overdraft	-	3,491
Amounts owed to group undertakings	1,225	998,712
Social security and other taxes	303,492	299,657
Other creditors	287,971	270,834
Accruals	<u>265,633</u>	<u>265,330</u>
	<u>858,321</u>	<u>1,838,024</u>

Included in other creditors are pension contributions of £268,462 (2015 – £247,610).

Intercompany balances are interest free.

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 £	2015 £
100	Ordinary	100p	<u>100</u>	<u>100</u>

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2016**

10. RESERVES

The profit and loss account reserve represent cumulative realisable profit and losses.

11. EMPLOYEE BENEFIT OBLIGATIONS

The company operates a defined benefit pension scheme. Certain employees of the company are members of North East of Scotland Pension fund. Premiums in the year relating to those employees amounted to £2,451,000 (2014/15 - £2,207,000). In the year to 31 March 2016 the employer contribution rate was 17.3% (2014/15 – 15,2%).

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 2015. The value of the fund at 31 March 2016 was as follows.

	Defined benefit pension plans	
	2016	2015
	£	£
Present value of funded benefit obligation	62,226,000	60,088,000
Fair value of plan assets	<u>(53,261,000)</u>	<u>(49,869,000)</u>
Deficit	<u>(8,965,000)</u>	<u>(10,219,000)</u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2016	2015
	£	£
Current service cost	3,897,000	3,516,000
Interest on pension liabilities	297,000	312,000
Administration expenses	<u>57,000</u>	<u>58,000</u>
	<u>4,251,000</u>	<u>3,886,000</u>

BON ACCORD CARE LIMITED (SC416826)

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2016**

11. EMPLOYEE BENEFIT OBLIGATIONS continued

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

	Defined benefit pension plans	
	2016	2015
	£	£
Opening defined benefit obligation	60,088,000	48,764,000
Current service cost	3,897,000	3,516,000
Interest on pension liabilities	1,983,000	2,150,000
Member contributions	820,000	851,000
Experience gain	-	(564,000)
(Gains) / Loss on assumptions	(3,718,000)	6,025,000
Benefits/transfers paid	(844,000)	(654,000)
Business combinations	-	-
	<u>(62,226,000)</u>	<u>60,088,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2016	2015
	£	£
Opening fair value of scheme assets	49,869,000	40,569,000
Interest on plan assets	1,686,000	1,838,000
Remeasurements	(664,000)	5,116,000
Administration expenses	(57,000)	(58,000)
Employer contributions	2,451,000	2,207,000
Member contributions	820,000	851,000
Benefits/transfers paid	(844,000)	(654,000)
	<u>53,261,000</u>	<u>49,869,000</u>

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

	Defined benefit pension plans	
	2016	2015
	£	£
Actuarial (gains) / losses	(3,054,000)	345,000
Cumulative amount of actuarial (gains) / losses	<u>(3,054,000)</u>	<u>345,000</u>

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2016**

11. EMPLOYEE BENEFIT OBLIGATIONS continued

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2016	2015
Equities	77.4%	78.4%
Government bonds	10.9%	6.7%
Other bonds	2.4%	1.9%
Property	8.5%	6.4%
Cash/liquidity	0.8%	2.4%
Other	-	4.2%
	<u>100.0%</u>	<u>100.0%</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2016	2015
Discount rate	3.6%	3.3%
Future salary increases	3.5%	3.5%
Future pension increases	2.0%	2.0%
Rate of CPI inflation	2.0%	2.0%
Life expectancy	Males	Males
Current pensioners	22.2 years	22.1 years
Future pensioners	24.4 years	24.3 years
	Females	Females
Current pensioners	24.8 years	24.7 years
Future pensioners	27.6 years	27.5 years

12. 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 account 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 group companies.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 MARCH 2016

13. 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

14. RECONCILIATIONS ON ADOPTION OF FRS 102

Reconciliation of equity

	Notes	Previous UK GAAP £	At 1 April 2014 Effect of transition £	FRS 102 £	Previous UK GAAP £	At 31 March 2015 Effect of transition £	FRS 102 £
Current assets							
Debtors	1b	858,327	254,676	1,113,003	1,632,495	205,629	1,838,124
Bank and cash		5,066	-	5,066	-	-	-
		<u>863,393</u>	<u>254,676</u>	<u>1,118,069</u>	<u>1,632,495</u>	<u>205,629</u>	<u>1,838,124</u>
Creditors due within one year							
Bank overdraft		-	-	-	3,491	-	3,491
Amounts owed to group undertakings		290,966	-	290,966	998,712	-	998,712
Social Security and other taxes		313,157	-	313,157	299,657	-	299,657
Other creditors		259,170	-	259,170	270,834	-	270,834
Accruals	1a	-	254,676	254,676	59,701	205,629	265,330
		<u>863,293</u>	<u>254,676</u>	<u>1,117,969</u>	<u>1,632,395</u>	<u>205,629</u>	<u>1,838,024</u>
Net current (liabilities)/assets		100	-	100	100	-	100
Total assets less current liabilities		<u>100</u>	<u>-</u>	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
Pension liability		<u>(8,195,000)</u>	<u>-</u>	<u>(8,195,000)</u>	<u>(10,219,000)</u>	<u>-</u>	<u>(10,219,000)</u>
Net liabilities		<u>(8,194,900)</u>	<u>-</u>	<u>(8,194,900)</u>	<u>(10,218,900)</u>	<u>-</u>	<u>(10,218,900)</u>
Equity							
Share capital		100	-	100	100	-	100
Profit and loss		<u>(8,195,000)</u>	<u>-</u>	<u>(8,195,000)</u>	<u>(10,219,000)</u>	<u>-</u>	<u>(10,219,000)</u>
Net liabilities		<u>(8,194,900)</u>	<u>-</u>	<u>(8,194,900)</u>	<u>(10,218,900)</u>	<u>-</u>	<u>(10,218,900)</u>

14. RECONCILIATIONS ON ADOPTION OF FRS 102 (continued)

Reconciliation of profit or loss for the year

		Previous UK GAAP £	At 31 March 2015 Effect of transition £	FRS 102 £
Turnover	1c	20,133,276	(47,467)	20,085,809
Cost of sales	1c / 2	<u>(21,312,616)</u>	<u>(27,533)</u>	<u>(21,340,149)</u>
Gross loss		(1,179,340)	(75,000)	(1,254,340)
Administrative expenses	2	(207,361)	(58,000)	(265,361)
Other operating income		<u>145,658</u>	<u>-</u>	<u>145,658</u>
Operating loss		(1,241,043)	(133,000)	(1,374,043)
Interest receivable and similar income		7,043	-	7,043
Other finance costs	2	<u>365,000</u>	<u>(677,000)</u>	<u>(312,000)</u>
Loss before taxation		<u>(869,000)</u>	<u>(810,000)</u>	<u>(1,679,000)</u>

1. Holiday pay accrual

- a) On the date of transition and in accordance with FRS 102, a holiday pay accrual has been recognised to account for unused holiday pay entitlement.
- b) The adjustment at 1a) has a direct impact on the intercompany recharge and therefore the intercompany recharge has been adjusted to reflect this.
- c) The adjustment to turnover relates to the decrease in the intercompany recharge during the year as a result of the reduction in the holiday pay accrual. The adjustment to cost of sales relates to the reduction in the holiday pay accrual at 31 March 2015.

2. Pension adjustments

Under FRS102, the allocation of the movement in pension fund deficit is different to previous UK GAAP and results in an increased amount being recognised in expenditure for the year ended 31 March 2015. Cost of sales is increased by £75,000, administrative expenses by £55,000 and other finance costs by £677,000. Actuarial losses recognised in other comprehensive income reduced by £810,000.

