

# Scottish Borders Supports LLP

Registered number SO305176

## Members' Annual Report and Financial Statements

For the year ended 31 March 2019



**SBCARES**

*in safe hands*

day services home care care homes independent living





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## Members' Annual Report

The Members present their Annual Report and Financial Statements for the year ended 31 March 2019.

### Principal Activity

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

Scottish Borders Supports employs **12** staff (**11** full time equivalents) in **12** positions.

### Designated Members

The Members who held office during the year and to the date of these financial statements were as follows:

Scottish Borders Council

SBC Nominees Limited.

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 reappointed and KPMG LLP will therefore continue in office.

### SB Cares Trading Name

Scottish Borders Supports LLP and Scottish Borders Cares LLP ("SB Cares") are both Limited Liability Partnerships working with Scottish Borders Council to provide Adult Social Care Services and collectively trade under the name of SB Cares.

Scottish Borders Supports LLP receives adult care services from Scottish Borders Cares LLP.

## Members' Annual Report *(continued)*

### Governance

The two Limited Liability Partnerships (LLPs) that trade as SB Cares are managed by a single Board of Management which is subject to the provision of the individual Members Agreement for each of the LLPs. Neither Scottish Borders Supports LLP nor the Board of Management shall make decisions in respect of the reserved matters set out in this agreement.

The Board of Management is employed by Scottish Borders Supports LLP and consists of:

- a) The Managing Director
- b) Chief Operating Officer
- c) The Operations Director
- d) The Chair

In addition up to five additional independent 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 SB Cares and its Members. There are currently two independent members on the Board of Management.

The meetings of the Board of Management are held on a monthly basis.

SB Cares' Officers meet with Scottish Borders Council quarterly at the Council's Major Contracts' Governance Group Committee which replaced its Limited Liability Partnership - Strategic Governance Group during 2017. This Group enables the Council to subject SB Cares to appropriate review and scrutiny. The public minutes and papers from this Committee can be found on the Scottish Borders Council website ([www.scotborders.gov.uk](http://www.scotborders.gov.uk)).

In addition the Chief Executive of Scottish Borders Council (the Council) may at any time invite the SB Cares' 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.

### 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'.

Scottish Borders Supports LLP transacts with one of its members, Scottish Borders Council to provide adult social care services. These transactions are covered by a Service Provision Agreements between the two organisations which commenced on 1 April 2015.

## Members' Annual Report *(continued)*

### 2018/19 Financial Review – Scottish Borders Supports LLP

Overall the two LLP's were able to provide Scottish Borders Council an efficiency contribution rebate of **£206k** on the contract to provide adult social care services for the year ending 31 March 2019. Additional Funding notified for the Community Equipment Store totalling £250k was not received in full and has not been resolved for the 2018-19 close, £125k was not received. Had the funding been received in full for the Community Equipment Store a contribution rate of £331k would have been returned prior to any pension adjustments.

The total amount of the cumulative contribution returned since inception totals **£3.656m** a **7%** return rate on grant funding.

In accordance with the agreement between Scottish Borders Council and Scottish Borders Cares LLP, no liability was transferred from the Council to the LLP at the date of its incorporation and a guarantee relating to the pension liability is in place from the Council to the LLP which has the effect of ultimately transferring the risk of underfunding of pension liabilities to Scottish Borders Council.

These financial statements represent the results of the year of trading from 1 April 2018 until 31 March 2019. In the year ended 31 March 2019, Scottish Borders Supports LLP generated a deficit of £251k on a management accounts basis.

	Year Ending 31 March	
	2018 £000	2019 £000
<b>Total Comprehensive Income/(Loss) for the year</b>	<b>44</b>	<b>(251)</b>
<i>Remove Accounting Standard Adjustments:</i>		
Movement in Annual Leave Accrual	1	4
<b>Income/(Loss) for the year on a Management Accounts Basis</b>	<b>45</b>	<b>(247)</b>

The LLP was able to provide Scottish Borders Council an efficiency contribution rebate of £206k on the contract to provide adult social care services for the year ending 31 March 2019. It is presented as a rebate as the delivery of the efficiency savings enables a reduction in the contract price.

The Balance Sheet of the LLP has a net liability position of £227k at the end of the financial year.

Scottish Borders Supports LLP's financial statements have been prepared on a going concern basis.

## Members' Annual Report *(continued)*

### Business Review – SB Cares

As stated previously Scottish Borders Supports LLP is one of the two LLP's which combine to trade as SB Cares. As the Board of Management sets the strategic objectives and oversees the performance and management of the two LLPs as a combined whole, the Business Review is being presented as a joint review of both Scottish Borders Cares LLP and Scottish Borders Supports LLP.

### Strategic Context

**SB Cares' Vision** is to:

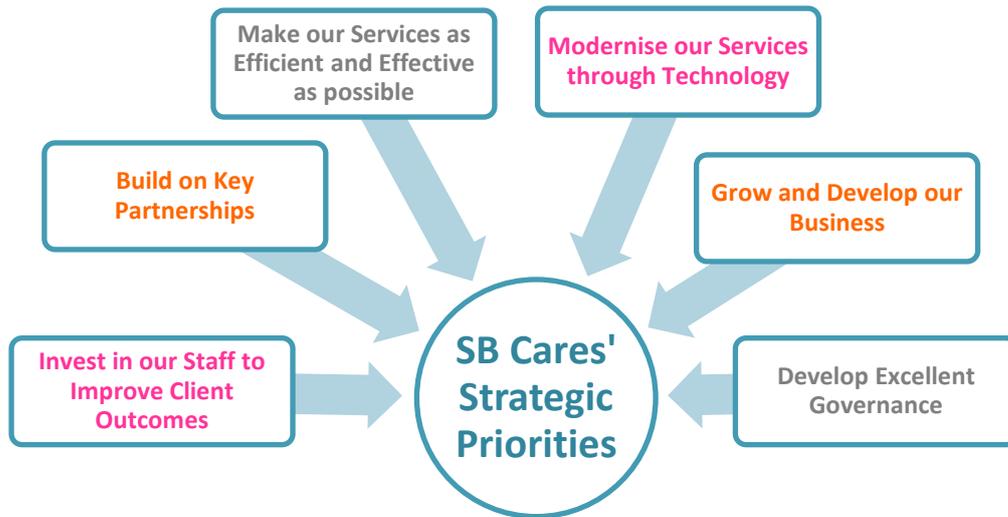


SB Cares will focus on three **Strategic Aims** in order to support the delivery of this Vision and these are:

- Quality** • To have a team of staff who deliver seamless, high quality care and support to every client
- Efficiency** • To deploy our staff, resources and finances as efficiently and effectively as possible, ensuring best value
- Business Growth** • To expand and grow the services we provide for the people of the Scottish Borders and generate income to invest in future care services

These Strategic Aims underpin all of our priorities and actions, with Quality being the key aim of all that we do. The Board of Management has agreed six priorities on which the Board and the Senior Management Team have developed action plans for delivering, developing and improving the services to our clients. **Our Priorities** are as follows:

## Members' Annual Report *(continued)*



### 2018/19 – Summary of Our Activities

2017/18 has been a very busy and successful year for SB Cares and this report, at the end of our third year of trading, provides an overview of the activities throughout the year.

#### *Key Facts and Figures for 2018/19*

SB Cares supported over 12,000 clients, families and carers through the provision of its adult social cares services throughout the Scottish Borders by:

- Delivering over **15,000 visits per week** to enable more than **900 people** to remain in their own homes.
- Delivering **12,226 pieces** of additional ability equipment to support **2,399 new clients** to live more independently, with a total of **9,516 clients** using equipment on loan from the Community Equipment Service at the end of the financial year.
- Supporting **1,876 clients** to maintain independence with 24 hour monitored personal alarms.
- Providing 24 hour support through **127 long stay / respite beds** in a care home environment for those people with higher level needs.
- Providing 24 hour support through **39 Transitional and Discharge to Assess beds** to deliver improved patient care journeys.
- Supporting **181** clients through our older people and learning disability day services enabling people to remain at home and providing respite to families and carers.

## Members' Annual Report *(continued)*

### *Delivering Our Strategic Priorities during 2018/19*

#### ✓ **Invest in our Staff to Improve Client Outcomes**

*SB Cares has:*

- a. implemented a robust classroom and work shadowing induction programme including familiarisation visits in order to continue to improve quality of care to clients; and
- b. developed support and monitoring frameworks for new and acting managers to provide tools and knowledge; and
- c. rolled out a management training programme for service line managers; and
- d. implemented new staffing models within Care at Home to support improving quality of care, and effectiveness of scheduling visits; and
- e. agreed and implemented the new rota system with Care at Home to provide consistency of care across a 24/7 service improving staff work life balance and quality of outcomes for clients.

#### ✓ **Build on Key Partnerships**

*SB Cares has:*

- a. successfully implemented a collaborative approach to delivery of the Alarms Monitoring Service in conjunction with East Lothian Council through a successful tri-party agreement; and
- b. worked collaboratively with Scottish Borders Council to provide an outcome focused older people day service in pilot areas, this has been done under the Integrated Joint Board for Health and Social Care in partnership with NHS Borders; and
- c. worked with Borders College to secure delivery of SVQ social care courses.

#### ✓ **Make our Services as Efficient and Effective as possible**

*SB Cares has:*

- a. successfully continued to implement further roll out of a dedicated vehicle fleet including electric vehicles for the home care teams which supports improved continuity of care provision to clients during adverse winter weather, and opens up employment opportunities to individuals with limited personal vehicle access;
- b. fully implemented the new rota across Homecare which provides a consistent, more responsive and flexible 7 day service;
- c. transitioned the alarm monitoring and out of hours' telephony services of Border Care to East Lothian Council's centre of excellence in order to secure the benefits of new technology for call handling, enabling the provision of cost effective services in 2018-19, the delivery of increased service resilience and improved overall caller experience; and
- d. worked collaboratively with Human Resources within Scottish Borders Council to implement a project with regard to sickness absence delivering a reduction in the level of absence.

## Members' Annual Report *(continued)*

### ✓ **Modernise our Services through Technology**

*SB Cares has:*

- a. developed and implemented a programme of technology training sessions predominantly aimed at Scottish Borders Council Social Work Services resulting in an increase in technology referrals; and
- b. commenced a pilot within Homecare to trial "Armed" a technology system based solution focussed on falls prevention.

### ✓ **Grow and Develop our Business**

*SB Cares has:*

- a. earned our first grade 6 awarded from the Care Inspectorate within St Ronan's Care Homes and subsequently nominated for a National Care Award; and
- b. engaged with Meridian, a consultancy firm specialising in health care productivity, through the Integrated Joint Board to look at opportunities within services to develop productivity outcomes.

### ✓ **Develop Excellent Governance**

*SB Cares has:*

- a. engaged effectively with the IJB, Council's Major Contracts Governance Group, Audit and Scrutiny Committee and Corporate Management Team and delivered significant elements of the Health and Social Care Partnership's strategic agenda

## Members' Annual Report *(continued)*

### Quality of Our Care

day services home care care homes independent living

Our registered care services continue to be regulated by the Care Inspectorate based on the National Care Standards, and on relevant regulations. The new quality framework distilled these standards into quality statements which fell into four categories, Quality of Care, Quality of Environment, Quality of Staff and Quality of Management. Each quality statement inspected is graded as follows:

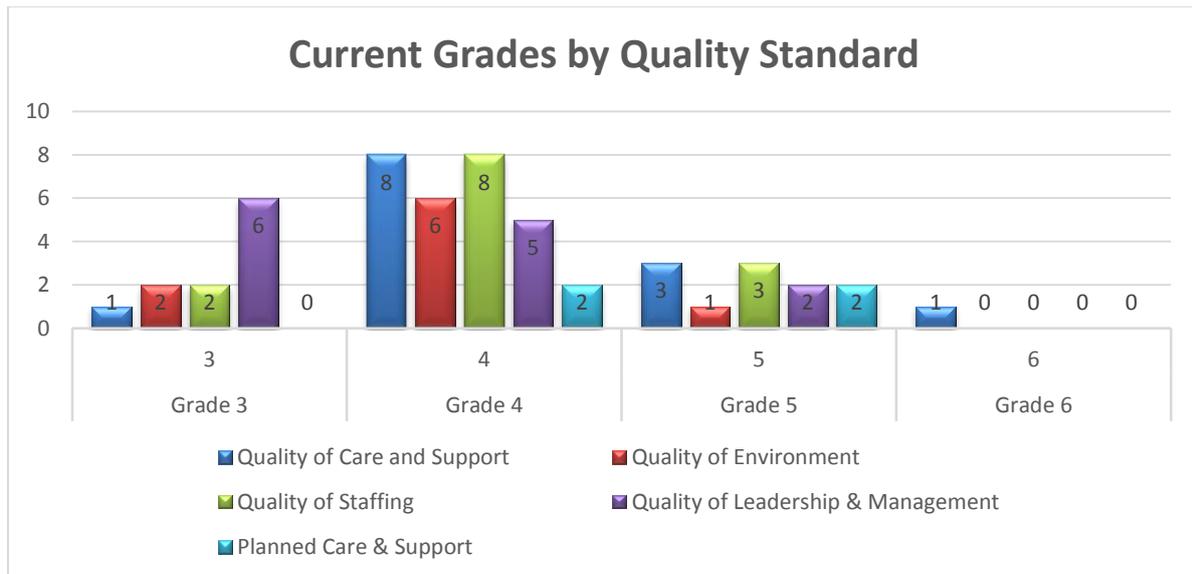
- Grade 6 – Excellent
- Grade 5 – Very good
- Grade 4 – Good
- Grade 3 – Adequate
- Grade 2 – Weak
- Grade 1 – Unsatisfactory

The grades are then aggregated for each of the four categories, so that published inspection reports give four grades for the service.

Due to the new quality standards and grading a direct comparison to prior gradings is not practical. Graph 1 below highlights current grades by themes.

SB cares was also awarded its first **grade 6** in 2018-19.

GRAPH 1



## Members' Annual Report *(continued)*

Previously Care Inspectorate grading was not themed and one grade was received at each inspection report for each registration. This cannot be compared directly with the themed approach to grading and the following table details the grades received previously for reference purposes.

Grade	%
Grade 3	45%
Grade 4	44%
Grade 5	11%

## Members' Annual Report *(continued)*

### Risk Management

#### ***Corporate Risk Management***

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

SB Cares has adopted the Council's corporate risk policy to embed risk management into its business practices. SB Cares has continued to monitor, manage and mitigate risk through the proactive management of its risk register and associated actions.

The register is regularly reviewed to ensure that it reflects risks and mitigations associated with the delivery of its current Business Plan. The regular review is undertaken by the Senior Management Team and Board of Management as part of its performance monitoring processes.

The Council's Audit & Risk function, as part of the Service Level Agreement, carries out regular audits of business functions and areas of risk whose findings are reported to the Board of Management. The Council's Head of Audit and Risk and Risk Manager attend the Board of Management meetings on a quarterly basis.

#### ***Public Sector Financial Pressures***

The overall pressure on public finances continues to be the dominant risk to SB Cares. Budget pressures and service reduction within the Council has an effect on SB Cares as it provides key services to this main client. SB Cares continues to monitor the change in business operation and address the mitigation of risk proactively. This is accomplished through working closely with its key partners and clients as well as reviewing its business model to secure continuous improvement.

#### ***Financial Management***

Cash flow management procedures are in place to ensure that resources are managed effectively.

The Board of Management receive a monthly update on the financial position for SB Cares and this includes narrative commentary on movements and updating of the forecast out-turn for the organisation.

## Members' Annual Report *(continued)*

### Combined Financial Position –SB Cares – 2018/19

SB Cares as a trading entity reports to the Board of Management on a monthly basis, presenting the financial position on a management accounting basis (i.e. excluding the impact of the accounting for retirement benefits). This allows informed monitoring and evaluation of the trading financial position. The table below shows the combined position for the 2 LLPs, showing the Comprehensive Income and Expenditure reported position per the 2017/18 Annual Accounts and the trading position as presented on a management accounts basis for 2017/18.

	Year Ending 31 March 2019		
	SB Supports LLP	SB Cares LLP	Total SB Cares
	£000	£000	£000
<b>Total Comprehensive Income/(Loss) for the year</b>	<b>(251)</b>	<b>(2,851)</b>	<b>(3,102)</b>
<i>International Accounting Standard Adjustments:</i>			
IAS 19 Retirement Benefits Adjustments	-	3,308	<b>3,308</b>
Annual Leave	4	77	
Adjusted Management Accounting Surplus	(247)	-	
SBC Service Efficiency Contract Rebate	-	206	<b>206</b>
<b>Income/(Loss) for the year on a Management Accounts Basis</b>	<b>(251)</b>	<b>251</b>	<b>-</b>

An overall assessment of the combined results of the Scottish Borders Supports and Scottish Borders Cares LLPs has resulted in the generation of an efficiency contribution on the annual contract fee for services of **£206k** on top of previously achieved reductions in the contract.

The table overleaf identifies what SB Cares has been able to contribute through contractual rebates as part of its trading arrangements with the Council:

## Members' Annual Report *(continued)*

	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000
Recurring Savings returned to SBC:				
2015/16	480	480	480	480
2017/18	-	-	465	465
2018/19	-	-	-	206
<b>Total Recurring Savings</b>	<b>480</b>	<b>480</b>	<b>945</b>	<b>1,151</b>
One-Off Savings returned to SBC - 2016/17	-	600	-	-
<b>Annual Savings</b>	<b>480</b>	<b>1,080</b>	<b>945</b>	<b>1,151</b>
<b>% of Contractual Management Fee</b>	<b>3%</b>	<b>7%</b>	<b>6%</b>	<b>7%</b>
<b>Cumulative Savings</b>	<b>480</b>	<b>1,560</b>	<b>2,505</b>	<b>3,656</b>

This year's contribution has been achieved by a three distinct efficiency projects undertaken during the year including:

- ✓ Contract out of delivery of Alarms systems monitoring with East Lothian Council
- ✓ Continuation of fleet optimisation activity especially in Home Care
- ✓ Reduction in absence

In conclusion the Members Report and Financial Statements for the year ended 31 March 2019, demonstrate that SB Cares continues to improve and drive forward with its service and financial priorities.

The Members' Annual Report was signed on behalf of Members by

**Philip Barr**

**For and on behalf of  
Scottish Borders Council**

*Designated member*

**X<sup>th</sup> September 2019**

## 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 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 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 its profit or loss for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- assess the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

## Profit and Loss Account

for the year ended 31 March 2019

2018		2019	Notes to Accounts Ref
£000		£000	
18,272	Turnover	18,590	1
(17,221)	Cost of Sales	(18,321)	3
<b>1,051</b>	<b>Gross Profit</b>	<b>269</b>	
(1,012)	Administrative Expenses	(526)	4
<b>39</b>	<b>Profit / (Loss) on Ordinary Activities after Taxation</b>	<b>(257)</b>	
5	Interest Receivable and Similar Income	6	5
<b>44</b>	<b>Profit/(Loss) for the Financial Year Available for Discretionary Division Among Members</b>	<b>(251)</b>	
-	Other Comprehensive Income	-	
<b>44</b>	<b>Total Comprehensive Income/(Loss) for the year</b>	<b>(251)</b>	

Scottish Borders Supports LLP's turnover and expenses all relate to continuing operations.

## Balance Sheet

at 31 March 2019

2018		2019	Notes to Accounts Ref.
£000		£000	
<b>849</b>	<b>Fixed Assets</b>	<b>825</b>	<b>7</b>
	<b>Current Assets</b>		
87	Stock	149	8
669	Debtors	1,370	9
2,038	Cash at Bank and in Hand	1,356	
<b>2,794</b>		<b>2,875</b>	
	<b>Creditors</b>		
(3,619)	Amounts falling due within 1 year	(3,927)	10
<b>(825)</b>	<b>Net Current Liabilities</b>	<b>(1,052)</b>	
<b>24</b>	<b>Net Assets / (Liabilities) attributable to Members</b>	<b>(227)</b>	
	<b>Represented by:</b>		
	<b>Members' Other Interests:</b>		
-	Members Capital Account	-	
24	Profit and Loss Reserve	(227)	
<b>24</b>	<b>Total Members' Interests</b>	<b>(227)</b>	

The Accounting Policies on pages 20 to 24 and the Notes to the Accounts on pages 25 to 29 form an integral part of these Financial Statements. These financial statements were approved by the Members and authorised for issue on Xth September 2019 and were signed on its behalf by:

**Philip Barr**

For and on behalf of

**Scottish Borders Council**

*Designated member*

**X<sup>th</sup> September 2019**

Company registered number: **SO305176**

## Statement of Changes in Net Assets Attributable to Members

*For the year ended 31 March 2019*

	Members Capital Account £000	Profit & Loss Reserve £000	Total Members Interests £000
<b>Balance at 1 April 2017</b>	-	(20)	(20)
Profit/(Loss) for the Financial Year Available for Discretionary Division Among Members	-	44	44
<b>Balance at 31 March 2018</b>	-	24	24
<b>Balance at 1 April 2018</b>	-	24	24
Profit/(Loss) for the Financial Year Available for Discretionary Division Among Members	-	(251)	(251)
<b>Balance at 31 March 2019</b>	-	(227)	(227)

## 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.

### *(i) 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 statement 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.

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 parties' ("IAS24") and has therefore not disclosed transactions or balances with entities which form part of the group as related parties.

### *(ii) Changes in accounting policies in 2019*

The LLP has applied IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" with effect from 1 April 2018. Due to the transition methods chosen by the LLP in applying the two standards, comparative information throughout these financial statements has not been restated.

The impact of applying applied IFRS 15 "Revenue from Contracts with Customers" is set out in the income recognition accounting policy note (ix) and the impact of applying IFRS 9 "Financial Instruments" is set out in the financial assets accounting policy note (viii)

IFRS 15 introduces a 5 step process for recognising revenue based on the transfer of control rather than the previous transfer of risk and reward.

IFRS 9 includes a single classification approach for financial assets driven by cash flow characteristics and how an instrument is managed, and a forward looking expected credit loss model for impairment rather than the previous incurred loss model.

## Accounting policies *(continued)*

Both of these changes have been considered as part of the preparation of the LLP's accounts for 2019 and neither are considered to have had a material impact on the financial statements.

### *(iii) 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 4. Notwithstanding net current liabilities of £227,000 as at 31 March 2019 and a loss for the year then ended of £251,000 the financial statements have been prepared on a going concern basis which the Members consider to be appropriate for the following reasons.

The Members have prepared cashflow forecasts for a period of 18 months from the date of the approval of these financial statements which indicate that, taking account of reasonably possible downsides, the LLP will have sufficient funds, through continuing funding from Scottish Borders Council, to meet its liabilities as they fall due for that period.

The cash flow forecasts take into account the fact that the LLP has a service provision agreement in place with Scottish Borders Council until March 2020, which the Members expect to be renewed and will continue to provide the existing or an increased level of funding over a period of three to five years. Scottish Borders Council, together with the Borders' Integration Joint Board, are currently undertaking a strategic review of its arrangements for the provision of Adult Social Care Services in line with the recommendations of the Audit Scotland's 2018 report "Council's Use of Arms-length Organisations", which will review all council services.

Scottish Borders Council and Borders' Integration Joint Board have indicated their intention to continue to fund the services presently provided by SB Cares at the presently agreed level for 2019/20. However, the ability of Scottish Borders Council and Borders' Integration Joint Board to continue to provide this funding is dependent on the results of the strategic review, resource allocations to the Borders' Integration Joint Board and board approval.

As with any LLP placing reliance on council funding to continue in operation, the Members acknowledge that there can be no certainty that this funding will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these indications the Members believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the LLP's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

## Accounting policies *(continued)*

### **(iv) 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'.

### **(v) Members' Capital**

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

### **(vi) 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.

### **(vii) 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.

### **(viii) Fixed Assets**

Assets purchased in excess of the de minimis level of £1,000 for individual assets or £5,000 for grouped assets 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.

### **(ix) Income Recognition**

The LLP has adopted IFRS 15 "Revenue from Contracts with Customers" in the 2019 financial statements and the IFRS has been applied prospectively from 1 April 2018. The change in accounting policy caused by the application of IFRS 15 has not had a material impact on the timing of revenue recognition or any material impact on the LLP's financial accounting. No adjustments were made on transition at 1 April 2018.

## Accounting policies *(continued)*

IFRS 15 requires the LLP to apportion revenues from customer contracts to separate performance obligations and recognise revenues as each performance obligation is satisfied, based on the transfer of control. Accordingly, the LLP continues to recognise income in the accounting period to which it relates. Income from grants, contracts and other services rendered is included to the extent that identified performance obligations are satisfied with respect to the contract or service concerned. Income received in advance is included in the balance sheet within creditors: amounts falling due within one year.

### **(x) Trade and Other Debtors**

Trade and other debtors are treated in line with IFRS 9 "*Financial Instruments*" for the 2019 financial statements. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses – refer to note (xii) *Financial Assets*.

### **(xi) Trade and Other Creditors**

Trade and other creditors are treated in line with IFRS 9 "*Financial Instruments*" and are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

### **(xii) Financial Assets (including Trade and Other Debtors)**

The LLP has adopted IFRS 9 "*Financial Instruments*" for the 2019 financial statements, and the IFRS has been applied prospectively from 1 April 2018. The change in accounting policy caused by the application of IFRS 9 has not had a material impact on the LLP's operating profit or balance sheet. No adjustments were made on the transition at 1 April 2018.

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 measured at an amount equal to lifetime expected credit losses (ECLs). When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the LLP considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the LLP's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the LLP expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss.

**(xiii) Stock**

Stock is valued at the lower of cost and net realisable value.

## Notes to Annual Accounts

*(forming part of the financial statements)*

### 1 Turnover

Turnover is reported in line with IFRS 15 'Revenue from Contracts with Customers' which requires the LLP to apportion revenues from customer contracts to separate performance obligations and recognise revenues as each performance obligation is satisfied, based on the transfer of control. Accordingly, the LLP continues to recognise income in the accounting period to which it relates. Income from grants, contracts and other services rendered is included to the extent that identified performance obligations are satisfied with respect to the contract or service concerned. Income received in advance is included in the balance sheet within creditors: amounts falling due within one year.

### 2 Staff Numbers and Costs

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

	Number of employees (FTE)	
	2017/18	2018/19
Administration	11	11
<b>Staff costs for the above persons were:</b>	<b>£000</b>	<b>£000</b>
Wages and salaries	419	<b>450</b>
Social security costs	43	<b>43</b>
Pension costs	56	<b>65</b>
<b>Total Staff Costs</b>	<b>518</b>	<b>558</b>

## Notes to Annual Accounts *(continued)*

### 3 Cost of Sales

Included in the Profit and (Loss) statement for the year are the following amounts:

	Year to 31 March	
	2018 £000	2019 £000
Cost of Services from Scottish Borders Cares LLP	14,869	<b>15,450</b>
Property and Energy Costs	426	<b>365</b>
Transport and Travel Costs	476	<b>423</b>
Furniture, Fixtures and Equipment Costs	508	<b>515</b>
Other Cost of Sales	942	<b>1,568</b>
<b>Total Cost of Sales</b>	<b>17,221</b>	<b>18,321</b>

### 4 Administration Expenses

Included in the Profit and (Loss) statement for the year are the following amounts:

	Year to 31 March	
	2018 £000	2019 £000
Staff Costs (see Note 2)	601	<b>290</b>
Depreciation (See Note 7)	100	<b>121</b>
Auditor's Remuneration *	22	<b>29</b>
Other Administration Expenses	289	<b>86</b>
	1,012	<b>526</b>

\*This represents the cost of the audit of these financial statements

### 5 Other Interest Receivable and Similar Items

Included in the Profit and (Loss) statement for the year are the following amounts:

	Year to 31 March	
	2018 £000	2019 £000
Other Interest Receivable	5	<b>6</b>
	5	<b>6</b>

## Notes to Annual Accounts *(continued)*

### 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.

### 7 Fixed Assets

	IT Systems & Equipment	Furniture, Fixtures & Fittings	Plant & Equipment	Rehabilitation Equipment	Total
	£000	£000	£000	£000	£000
<b>Book Value as at 31 March 2018</b>	<b>20</b>	-	<b>113</b>	<b>850</b>	<b>983</b>
Reclassification During Year	-	26	(26)	-	-
Additions During Year	-	11	11	75	97
<b>Book Value as at 31 March 2019</b>	<b>20</b>	<b>37</b>	<b>98</b>	<b>925</b>	<b>1,080</b>
<b>Accumulated Depreciation to 31 March 2018</b>	<b>(12)</b>	-	<b>(15)</b>	<b>(107)</b>	<b>(134)</b>
Depreciation Charge for year	(6)	(5)	(17)	(93)	(121)
<b>Accumulated Depreciation to 31 March 2019</b>	<b>(18)</b>	<b>(5)</b>	<b>(32)</b>	<b>(200)</b>	<b>(255)</b>
<b>Net Book Value as at 31 March 2018</b>	<b>8</b>	-	<b>98</b>	<b>743</b>	<b>849</b>
Change in Net Book Value during Year	(6)	32	(32)	(18)	(24)
<b>Net Book Value as at 31 March 2019</b>	<b>2</b>	<b>32</b>	<b>66</b>	<b>725</b>	<b>825</b>

## Notes to Annual Accounts *(continued)*

	IT Systems & Equipment	Plant & Equipment	Rehabilitation equipment	Total
	£000	£000	£000	£000
<b>Book Value as at 31 Mar 2017</b>	20	64	628	712
Additions During Year	-	49	222	271
<b>Book Value as at 31 Mar 2018</b>	20	113	850	983
<b>Accumulated Depreciation to 31 Mar 2017</b>	(5)	(2)	(27)	(34)
Depreciation Charge for year	(7)	(13)	(80)	(100)
<b>Accumulated Depreciation to 31 Mar 2018</b>	(12)	(15)	(107)	(134)
<b>Net Book Value as at 31 Mar 2017</b>	15	62	601	678
Change in Net Book Value during Year	(7)	36	142	171
<b>Net Book Value as at 31 Mar 2018</b>	8	98	743	849

### 8 Stock

	As at 31 March	
	2018 £000	2019 £000
Raw Materials and Consumables	87	149
<b>Total Stock</b>	<b>87</b>	<b>149</b>

### 9 Debtors

	As at 31 March	
	2018 £000	2019 £000
Trade debtors	59	9
Amounts owed by Members	335	274
Prepayments and Accrued Income	275	1,057
Other Debtors	-	30
<b>Total Debtors</b>	<b>669</b>	<b>1,370</b>

## Notes to Annual Accounts *(continued)*

### 10 Creditors: Amounts falling due within One Year

	As at 31 March	
	2018 £000	2019 £000
Trade Creditors	47	83
Amounts owed to Members	372	1,009
Value Added Tax	523	842
Accruals and Deferred Income	2,618	1,924
Other Creditors	59	69
<b>Total Creditors: Amounts falling due within One Year</b>	<b>3,619</b>	<b>3,927</b>

### 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 Scottish Borders Council offices, Newtown St Boswells, TD6 0SA.

# Independent Auditor's Report to the Members of Scottish Borders Supports LLP

## Opinion

We have audited the financial statements of Scottish Borders Supports LLP ("the LLP") for the year ended 31 March 2019 which comprise the Profit and Loss Account, Balance Sheet, Statement Of Changes in Net Assets Attributable to Members and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the LLP in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Material uncertainty related to going concern

We draw attention to the profit and loss account of the financial statements which indicates that the LLP incurred a net loss of £251,000 for the year (2018: net profit of £44,000) and had net current liabilities of £227,000 (2018 net assets of £24,000), and the LLP's ability to continue as a going concern is dependent upon continued funding from Scottish Borders Council and Borders' Integration Joint Board, which is in turn dependent upon the outcome of a strategic review being undertaken within Scottish Borders Council. These events and conditions, along with the other matters explained in the accounting policies, constitute a material uncertainty that may cast significant doubt on the LLP's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

## The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the LLP's future prospects and performance.

## Independent Auditor's Report to the Members of Scottish Borders Supports LLP (continued)

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the LLP's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a LLP and this is particularly the case in relation to Brexit.

### Other information

The members are responsible for the other information, which comprises the members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

### Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required 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.

We have nothing to report in these respects.

### Members' responsibilities

As explained more fully in their statement set out on page 16, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## Independent Auditor's Report to the Members of Scottish Borders Supports LLP (continued)

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the members of the 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.

**Hugh Harvie (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

## Reference and Administration Information

<b>Company Name</b>	Scottish Borders Supports LLP
<b>Company Registration Number</b>	SO305176
<b>Registered Office</b>	Council Headquarters Newtown St Boswells MELROSE Scottish Borders TD6 0SA
<b>Statutory Auditor</b>	KPMG LLP Chartered Accountants Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
<b>Bankers</b>	Bank of Scotland Level 6 110 St Vincent Street GLASGOW G2 5ER

### Contact Information

For further information on Scottish Borders Supports LLP, please contact

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SB CARES is the trading name of Scottish Borders Cares LLP (SO305156) and Scottish Borders Supports LLP (SO 305176).  
Both bodies are Limited Liability Partnerships working with Scottish Borders Council to provide Adult Social Care Services.

