

**Cordia (Services) LLP**

Members' report and financial statements

Registered number S0302144

For the year ended 31 March 2015

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## Members' report

The members present their annual report and audited financial statements for the year ended 31 March 2015.

### Principal Activity

The principal activities of Cordia (Services) LLP are catering services, facilities management (FM) and care services.

These financial statements are the sixth statutory financial statements for Cordia (Services) LLP and represent the results of the year of trading from 1 April 2014 until 31 March 2015.

The partnership provides a complex and varied range of services and employs 7,149 staff (4,804 full time equivalents) in 8,415 positions with a number of staff having more than one role.

### Designated Members

Cordia (Services) LLP had two members during the period, Glasgow City Council and GCC LLP Investments Ltd, both of whom are designated members.

### Members' Capital

Current policy is not to make repayment of members' capital. No additional members' contributions to capital were made and no cash drawings were made against members' capital in the year ended 31 March 2015.

### Business Review

#### *Business Structure*

Cordia (Services) LLP provides care services to its sister organisation Cordia (Care) LLP and services to its subsidiary Cordia (Contracts) LLP. In the reported financial year, Cordia (Contracts) LLP engaged in trading activities principally in the areas of catering, training and development, installation and repair of stair lifts and alarm monitoring services. All other business was transacted through Cordia (Services) LLP. The overall business structure remained consistent in 2014/15.

#### *Financial Results for the Period*

In the year ended 31 March 2015, Cordia (Services) LLP generated a profit of £0.378 million available for discretionary distribution to members. This result includes the adjustments required in respect of FRS 17 'retirement benefits' totalling £0.157 million. The FRS 17 adjustment is met through a transfer between the pension reserve and other reserves within the Reconciliation of Movement on Members' Funds.

The underlying, pre-FRS 17 results of Cordia (Services) LLP demonstrate the partnership had a challenging year generating a profit of £0.221 million, this final position was forecasted from early in the year because of challenges within home care and were as expected despite being below the original target set. No bulk credit was issued this financial year to the LLP's principal customer. This profit is £2.5 million below the budgeted surplus of £2.8 million.

No distribution was made to members for the period. Net current assets were £1.395 million (2014 - £1.183 million) and total net assets attributable to members were £0.228 million (2014 - £9.005 million). This is as a result of a reduction in the pension asset in the Strathclyde Pension Fund of £9.0 million. During the year, changes in the economic climate had a negative impact on the position of the pension fund assets, with actuarial losses of £9.155 million. Other reserves generated from trading total £1.735 million (2014 - £1.514 million).

Cordia (Services) LLP's financial statements have been prepared on a going concern basis.

Cordia (Services) LLP showed a net increase in business turnover of £2.375 million in the reported financial year. This was principally due to:

- Catering turnover increased by £2.3 million principally due to no bulk discount being paid to the partnerships principal customer.
- Facilities turnover increased by £0.79 million principally due to no bulk discount being paid to the partnerships principal customer.

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

- A reduction in income from homecare services of £1.8 million due to service reform in partnership with the principal customer.
- An increase in other care services of £0.3 million for the managed stairlift service and supply of aids for daily living, an increase in Help at Home, personalisation services, of £0.5 million and an increase in Alarm Response Service income of £0.3 million.

Underlying profitability reduced by £2.6 million to £0.2 million compared to 2013/14 (£2.8 million).

Cordia (Services) LLP incurred severance and other restructuring costs of approximately £2.0 million, this was planned and allowed service efficiencies to be delivered to the principal customer, the costs were wholly funded by the principal customer as the costs were incurred to implement changes to meet their future requirements.

New revenue growth remained strong with continued growth in the managed stair lift service and provision of aids for daily living of 2.6%, and the help at home care service grew by 25% from 2013/14 to £2.5 million of turnover. Income in the school meal service grew by £0.6 million following the implementation of Scottish Government policy on free school meals for primary one to three school children.

Overall, Cordia (Services) LLP performed as expected in the financial period exceeding targets in both catering and facilities but worse than budgeted in care services. Care services returned a deficit in the period reflecting the ongoing change within the sector, service reform is continuing within this business segment to return the area to profit in 2016/17. Care services currently is a difficult trading environment due to the continuing change in service requirements but the partnership remains committed to achieve service efficiencies for its principal customer and return this business sector to profit after completing service reform within 2 years.

### ***Administrative Expenses***

These include the operational management and administrative payroll costs, head office premise expenses and other support costs.

Depreciation is included at a value of £72,000.

### ***Care Division***

This was again a challenging year for this division, a service reform program has been developed and is being implemented over the next 12 months which will reduce losses in this area in 2015/16 and return the division to profitability in 2016/17. The division delivered on its objectives to its principal customer, reducing service levels in homecare services by 5.2%; the further continuing challenge is to bring expenditure in the area into line with future budgeted income levels, a service reform program has been developed and is scheduled for implementation in quarters 2 and 3 of 2015/16. The division performed well in all its other business areas. The actual segmental loss was £4.3 million which includes severance and restructuring costs. The underlying operational segmental loss was £2.5 million. This was wholly due to the reduction in homecare service levels following the implementation of reablement services to clients. This encourages independence in the home and has proved extremely successful. 42% of clients completing the programme following discharge from hospital no longer require any service after six weeks and those who do require a continuing service have seen an average 16% reduction in service levels, reducing income in homecare by a further £1.8million. The partnership will continue to deliver these successful outcomes in partnership with Glasgow City Council but requires further workforce planning to align income and expenditure.

The division continues to demonstrate effective partnership working in the EquipU area of operation despite a challenging financial environment for local authorities and health authorities. This service provides a framework for the integrated assessment and provision of equipment to the elderly and those who are vulnerable or infirm in NHS Greater Glasgow and Clyde and six local authorities around the West of Scotland. Further growth in the division was achieved in the procurement, installation, removal and

maintenance of stairlifts for six local authorities, the two sectors grew by a further 2.6% in the financial year.

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

The continuing development of new business and the remodelling of the division has been successful and enabled the partnership to offset losses in the traditional home care service which has reduced due to budget pressures from the principal client by 10% in the last 2 years.

### ***Catering Division***

The division performed strongly in a challenging economic environment.

In schools catering, the implementation of Scottish Government policy introducing free school meals to all Primary 1 to 3 pupils was successfully achieved from January 2015. Total meal uptake in primary schools was 63% with over 4 million meals provided in the year and 88% of free meal entitlement was taken up, the overall uptake is anticipated to grow further in 2015/16. Free meal uptake in secondary schools rose to 65% from 62%. 47.1% of all pupils now use the service which is up 0.2% on 2013/14, this is pleasing as there was a further 10p increase in the meal price applied by Glasgow City Council.

Encore Hospitality Services (Encore) performed well in the commercial market bolstered by a successful period during Glasgow's 2014 Commonwealth Games. This period also brought challenges with the closure of three outlets for the period of the games as they were games venues, reducing turnover in that period. With a budget of £8.8 million, Encore achieves sales of £8.7 million and returned £0.647 million to Glasgow City Council and its arm's length external organisations (ALEOs).

The catering division overall had a profit of £1.051 million, this was after severance and restructuring costs, the operational profit was £1.537 million which was £0.282 million better than budgeted.

### ***Facilities Management Division***

The main focus in this division was cost efficiencies. The division performed well, income increased by £0.2 million. The division had a profit of £0.75 million.

### ***Risk Management***

Cordia (Services) 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 continues to be the dominant risk to the LLP. Budget pressures and service reduction within Glasgow City Council has an effect as the LLP provides key services to this main client grouping. Cordia 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 that the company has never been required to use its bank overdraft facilities.

A risk register is maintained and is regularly reviewed by an audit committee which is chaired by an elected member of the Cordia (Services) LLP Board. The audit committee meets three times annually and reports findings to the Cordia (Services) LLP Board. An internal audit function also carries out regular audits of business functions and these are reported both to the audit committee and the Board.

The business is subject to further enhanced governance procedures and it reports to Glasgow City Council's professional standards and scrutiny committee twice yearly.

### ***Employees***

Cordia (Services) 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. Cordia (Services) 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.

Cordia (Services) LLP is a large organisation delivering a range of diverse services through a large workforce. Given the logistical issues in communicating with staff around the city, the organisation utilises a number of methods to communicate with staff. These include:

- The Cordia website ([www.cordia.co.uk](http://www.cordia.co.uk)), provides a range of information on the services provided as well as news, facts, blogs and contact details of relevant personnel. Indeed, the "Contact Us" section is specifically designed to enable individuals to enquire and comment on aspects of service delivery;
- Staff Newsletters - "The Cordia View" and 'Ezine' regularly keep staff updated on the organisation's successes and challenges, and informs of progress being made in respect of projects in which Cordia is involved;
- Staff briefings – these are regular face-to-face performance briefing meetings with all relevant managers and staff. Recognising the need to widen and improve communication within Cordia, the Managing Director has identified key "influencers" throughout the organisation and has established regular meetings to discuss key areas of importance to the business as we move forward in challenging times. Such meetings allow staff to contribute to the management thinking and strategy building within Cordia;
- Staff Roadshows – these face-to-face information sharing sessions with frontline staff are organised by management and are held in venues within local communities throughout the city; and
- Regular scheduled meetings and discussion with trade unions.

By adopting a consistent, strong and stable internal communications strategy, employees will be more focused on business objectives, will operate according to the LLP's values, and will feel empowered to be more effective.

### ***Transactions with Members***

No remuneration of members occurred during the period. The members' share in the profit or loss for the period is accounted for as an allocation of profits with unallocated profits and losses included within 'other reserves'. Cordia (Services) LLP transacts with one of its members, Glasgow City Council.

### ***Investment for New Business and Growth***

In this financial year investment has been made and work carried out to further develop the business environment for growth.

Cordia has continued discussions with strategic commercial partners to further develop the EquipU service and stair-lift installation service to new markets.

Cordia recognises the pressures on its principal customers' budgets and is looking to expand its customer base. In the Care Division the LLP aims to increase service levels with private clients with the launch of Help at Home.

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

Cordia has been successful in developing business through extending existing partnerships and this has been underpinned by its reputation of successfully managing large workforce contracts where budgets are tight and sound financial management and high-use of innovative technologies is required. Strategic development is two-fold; increasing business externally through Cordia (Contracts) LLP and extending partnerships with established customers. This strategy will continue into the next financial year.

Continued investment in the Cordia brand has seen it become highly visible and established in the communities served by the LLP. This has been done with tight budgets.

### **Forward planning and strategic opportunities**

Cordia (Services) LLP continues to develop services in accordance with the contents of its business plan 2015/2016.

Opportunities exist to extend business across a number of sectors and activities and specifically:

- Glasgow City Council and its ALEOs
- Clyde Valley local authorities
- Commercial catering contracts
- Commercial training provision contracts

### **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 reappointed and KPMG LLP will therefore continue in office.

The financial statements were authorised for issue on 27 August 2015.

Approved by the members and signed on 27 August 2015 by

David Melvin  
**For and on behalf of**  
**GCC LLP Investments Limited**  
*Designated member*

## **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).

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 Cordia (Services) LLP**

We have audited the financial statements of Cordia (Services) LLP for the year ended 31 March 2015 set out on pages 9 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the members of the limited liability partnership (LLP), as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of members and auditor**

As explained more fully in the Members' Responsibilities Statement set out on page 7, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](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 2015 and of its profit 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.

### **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.

**Philip Charles (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
191 West George Street  
Glasgow  
G2 2LJ

2015

**Profit and Loss Account**  
*for the year ended 31 March 2015*

	<i>Note</i>	<b>Year ended 31 March 2015 £000</b>	Year ended 31 March 2014 £000
<b>Turnover</b>	2	<b>140,558</b>	138,183
Cost of sales		<b>(130,387)</b>	(127,995)
		<b>10,171</b>	10,188
<b>Gross profit</b>	3	<b>(13,156)</b>	(12,282)
Administrative expenses		<b>(2,985)</b>	(2,094)
<b>Operating (loss)/profit</b>	4	<b>(2,985)</b>	(2,094)
Interest receivable and similar income	6	<b>3,363</b>	1,737
		<b>378</b>	(357)
<b>Profit/(Loss) on ordinary activities before and after taxation being profit for the financial year before members' remuneration and profit shares</b>		<b>378</b>	(357)
Members' remuneration charged as an expense	7	-	-
		<b>378</b>	(357)
<b>Profit/(Loss) for the financial year available for discretionary division among members</b>		<b>378</b>	(357)

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

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for the period stated above and their historical cost equivalents.

**Statement of Total Recognised Gains and Losses**  
*for the year ended 31 March 2015*

	<i>Note</i>	<b>Year ended 31 March 2015 £000</b>	Year ended 31 March 2014 £000
Profit/(Loss) for the year available for discretionary division among members		<b>378</b>	(357)
Actuarial (losses)/gains on the pension scheme 1 April to 31 March	12	<b>(9,155)</b>	(4,954)
		<b>(8,777)</b>	(5,311)
<b>Total recognised gains and losses for the period</b>		<b>(8,777)</b>	(5,311)

**Balance Sheet**  
*at 31 March 2015*

	<i>Note</i>	<b>2015</b> <b>£000</b>	2014 £000
<b>Fixed assets</b>	8	<b>341</b>	332
<b>Current assets</b>			
Stock	9	992	1,018
Debtors	10	9,930	8,580
Cash at bank and in hand		3,294	5,553
<b>Creditors: amounts falling due within one year</b>	11	<b>14,216</b> <b>(12,821)</b>	15,151 (13,968)
<b>Net current assets</b>		<b>1,395</b>	1,183
<b>Total assets less current liabilities</b>		<b>1,736</b>	1,515
Provisions for liabilities - Pension and similar obligations	12	<b>(1,508)</b>	7,490
<b>Net assets attributable to members</b>		<b>228</b>	9,005
<b>Members' other interests</b>			
Members' capital		1	1
Pension reserve		<b>(1,508)</b>	7,490
Other reserves		<b>1,735</b>	1,514
Total other reserves		<b>227</b>	9,004
		<b>228</b>	9,005

These financial statements were approved by the members on 27 August 2015 and were signed on its behalf by:

David Melvin  
**For and on behalf of**  
**GCC LLP Investments Limited**  
*Designated member*

Company registered number: S0302144

**Reconciliation of Movements in Members' Funds**  
*for the year ended 31 March 2015*

	<b>Members' capital</b>	<b>Pension reserve</b>	<b>Other reserves</b>	<b>Total other reserves</b>	<b>Total members' interest</b>
	£000	£000	£000	£000	£000
Balance at 1 April 2014	1	7,490	1,514	9,004	9,005
Profit for the year available for discretionary division among members	-	-	378	378	378
Actuarial (losses) on the pension scheme	-	(9,155)	-	(9,155)	(9,155)
Transfers (from)/to the pension reserve	-	157	(157)	-	-
<b>Balance at 31 March 2015</b>	<b>1</b>	<b>(1,508)</b>	<b>1,735</b>	<b>227</b>	<b>228</b>

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Limited Liability Partnership's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost accounting rules and in accordance with the Statement of Recommended Practice 'accounting by limited liability partnerships' ("LLP SORP").

The LLP's financial statements are fully consolidated in the group financial statements prepared and published by Glasgow City Council. This entitles the LLP to use the exemption from the preparation of a cash flow statement as stated in Financial Reporting Standard 1 'cash flow statements' ("FRS 1").

As the LLP is a wholly owned subsidiary of Glasgow City Council, the LLP has taken advantage of the exemption contained in Financial Reporting Standard 8 'related parties' and has therefore not disclosed transactions or balances with entities which form part of the group as related parties.

The LLP has taken advantage of the exemption allowed in s400 of the Companies Act 2006 to prepare group accounts incorporating the results of its subsidiary undertaking Cordia (Contracts) LLP, as the results of the LLP and its subsidiary are consolidated into its ultimate parent undertaking, Glasgow City Council, details of which are provided in note 15.

#### ***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 2. The members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### ***Members' remuneration and allocation of profits***

Members are not remunerated by the LLP. A member's share in the profit or loss for the accounting period is accounted for as an allocation of profits. Unallocated profits and losses are included within 'other reserves'.

#### ***Members' capital***

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

#### ***Value added tax***

The LLP is registered for VAT purposes. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

#### ***Fixed assets***

In accordance with parent company guidelines, assets purchased in excess of the *de minimis* level of £6,000 are included in the balance sheet as fixed assets. In line with the accounting policies of the parent organisation, depreciation is applied in the year from 1 April based on asset valuations as at 31 March of the previous financial year.

## Notes (continued)

### 1 Accounting policies (continued)

Depreciation is charged on a straight line basis and the useful life of an asset is deemed to be:

I.T. Systems	4 years
Plant and Equipment	5 years
Fixtures and Fittings	10 years

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

#### **Taxation**

Taxation on all partnership profits is solely the personal 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. Where a bulk credit is provided to Glasgow City Council this is accounted for as a reduction in turnover.

#### **Stock**

Stock is valued at the lower of cost and net realisable value in line with the requirements of statement of standard accounting practice 9 'stocks and long term contracts' ("SSAP 9").

#### **Retirement benefits**

All existing and new members of staff have the option of joining the Strathclyde Pension Fund ("the Fund"). The Fund is a defined benefit pension scheme, providing benefits based on final pensionable pay, which is contracted out of the State Earnings-Related Pension Fund. Assets and liabilities of the Fund are held separately from those of the LLP. Fund assets are measured using market values. For quoted securities the current bid price is taken as market value. Fund liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

#### **Leases**

Operating lease rentals are charged to the Profit & Loss Account on a straight line basis over the period of the lease.

### 2 Turnover

Turnover represents the invoiced value of goods and services supplied under the principal activities of the LLP.

**Notes** (continued)

**3 Gross profit**

The activities of the LLP are broken down as follows:

	<b>Care</b>		<b>Catering</b>		<b>Facilities</b>		<b>Admin</b>		<b>Total</b>	
	<b>2015</b>	2014	<b>2015</b>	2014	<b>2015</b>	2014	<b>2015</b>	2014	<b>2015</b>	2014
	<b>£000</b>	£000	<b>£000</b>	£000	<b>£000</b>	£000	<b>£000</b>	£000	<b>£000</b>	£000
<b>Turnover</b>										
Total sales	<b>74,902</b>	75,473	<b>36,989</b>	34,686	<b>27,646</b>	26,855	<b>1,021</b>	1,169	<b>140,558</b>	138,183
<b>Gross (loss)/profit</b>										
Segment (loss)/profit	<b>(4,272)</b>	(2,421)	<b>1,051</b>	682	<b>753</b>	(22)	<b>(517)</b>	(333)	<b>(2,985)</b>	(2,094)
<b>Operating (loss)</b>									<b>(2,985)</b>	(2,094)
Other interest receivable									<b>37</b>	61
Net interest on pension assets / liabilities									<b>3,326</b>	1,676
<b>Profit/(Loss)</b>									<b>378</b>	(357)

**4 Operating profit/(loss)**

	<b>2015</b>	2014
	<b>£000</b>	£000
<i>Operating loss is stated after charging:</i>		
Operating lease payments - land and buildings	<b>437</b>	465
- vehicles	<b>975</b>	1,126
- equipment	<b>4</b>	4
Depreciation and other amounts written off fixed assets	<b>72</b>	75
Auditor's remuneration:		
Audit of these financial statements	<b>23</b>	23
Taxation compliance services	<b>4</b>	4

**Notes** *(continued)*

**5 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:

	<b>Number of employees (FTE)</b>	
	<b>2015</b>	2014
Direct operatives	<b>4,519</b>	4,557
Administration	<b>285</b>	272
	<hr/> <b>4,804</b> <hr/>	<hr/> 4,829 <hr/>

Staff costs for the above persons were:

	<b>2015</b>	2014
	<b>£000</b>	£000
Wages and salaries	<b>94,928</b>	95,280
Social security costs	<b>5,246</b>	5,445
Pension costs	<b>9,899</b>	8,394
	<hr/> <b>110,073</b> <hr/>	<hr/> 109,119 <hr/>

**6 Other interest receivable and similar income**

	<b>2015</b>	2014
	<b>£000</b>	£000
Other interest receivable	<b>37</b>	61
Net return on pension assets/liabilities	<b>3,326</b>	1,676
	<hr/> <b>3,363</b> <hr/>	<hr/> 1,737 <hr/>

**7 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)

**8 Fixed assets**

	<b>IT Systems £000</b>	<b>Plant &amp; Equipment £000</b>	<b>Fixtures &amp; Fittings £000</b>	<b>Total £000</b>
<i>Cost</i>				
At 1 April 2014	216	117	209	542
Addition	-	17	64	81
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2015</b>	<b>216</b>	<b>134</b>	<b>273</b>	<b>623</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 April 2014	136	43	31	210
Charge for the year	27	24	21	72
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2015</b>	<b>163</b>	<b>67</b>	<b>52</b>	<b>282</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
<b>At 31 March 2015</b>	<b>53</b>	<b>67</b>	<b>221</b>	<b>341</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2014	80	74	178	332
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**9 Stock**

	<b>2015 £000</b>	2014 £000
Raw materials and consumables	<b>992</b>	1,018
	<hr/> <hr/>	<hr/> <hr/>

**10 Debtors**

	<b>2015 £000</b>	2014 £000
Trade debtors	<b>2,484</b>	2,559
Amounts owed by group undertakings	<b>6,080</b>	3,770
Value added tax	-	365
Prepayments and accrued income	<b>1,249</b>	1,771
Other debtors	<b>117</b>	115
	<hr/>	<hr/>
	<b>9,930</b>	8,580
	<hr/> <hr/>	<hr/> <hr/>

**Notes** (continued)

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

	2015 £000	2014 £000
Trade creditors	1,748	1,500
Amounts owed to group undertakings	878	3,443
Other taxation and social security	1,921	2,002
Other creditors	1,651	1,695
Value added tax	945	-
Accruals and deferred income	5,678	5,328
	12,821	13,968
	12,821	13,968

**12 Pension costs**

The information disclosed below is in respect of the LLP's share of assets and liabilities within the Strathclyde Pension Fund, in which it is a participating employer. The latest full actuarial valuation was carried out as at 31 March 2011.

	2015 £000	2014 £000
Present value of funded defined benefit obligations	(206,986)	(167,294)
Fair value of plan assets	208,889	177,699
	1,903	10,405
Present value of unfunded defined benefit obligations	(3,411)	(2,915)
	(1,508)	7,490
	(1,508)	7,490

**Movements in present value of defined benefit obligation**

	2015 £000	2014 £000
At 1 April	170,209	147,685
Current service cost	10,102	8,449
Past service costs/(gains)	-	34
Interest cost	7,517	6,829
Curtailement	234	110
Actuarial losses/(gains)	23,107	7,464
Contributions by members	2,052	1,902
Benefits paid	(143)	(130)
Estimated benefits paid	(2,681)	(2,134)
	210,397	170,209
	210,397	170,209

**Notes** *(continued)*

**12 Pension costs** *(continued)*

Movements in fair value of plan assets were as follows:

	<b>2015</b>	2014
	<b>£000</b>	£000
At 1 April	<b>177,699</b>	160,503
Expected return on plan assets	<b>10,843</b>	8,505
Actuarial gains	<b>13,952</b>	2,510
Contributions by employer	<b>7,024</b>	6,413
Contributions by members	<b>2,052</b>	1,902
Benefits paid	<b>(2,681)</b>	(2,134)
	<hr/>	<hr/>
At 31 March	<b>208,889</b>	177,699
	<hr/> <hr/>	<hr/> <hr/>

Expenses recognised in the profit and loss account

	<b>2015</b>	2014
	<b>£000</b>	£000
Current service cost	<b>10,102</b>	8,449
Losses on settlements and curtailments	<b>234</b>	110
Past service cost/(gain)	<b>-</b>	34
Interest on defined benefit pension plan obligation	<b>7,517</b>	6,829
Expected return on defined benefit pension plan assets	<b>(10,843)</b>	(8,505)
	<hr/>	<hr/>
At 31 March	<b>7,010</b>	6,917
	<hr/> <hr/>	<hr/> <hr/>

The expense is recognised in the following line items in the profit and loss account:

	<b>2015</b>	2014
	<b>£000</b>	£000
Cost of sales	<b>7,935</b>	7,935
Administrative expenses	<b>658</b>	658
Other interest receivable and similar income	<b>(1,676)</b>	(1,676)
	<hr/>	<hr/>
	<b>7,010</b>	6,917
	<hr/> <hr/>	<hr/> <hr/>

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial losses is £9,155,000 (2014 - £4,954,000). The cumulative actuarial losses recognised in the statement of total recognised gains and losses are £33,243,000 (2014 - £24,088,000).

**Notes** *(continued)*

**12 Pension costs** *(continued)*

The fair value of the plan assets and the return on those assets were as follows:

	<b>Fair value</b>	
	<b>2015</b>	2014
	<b>£000</b>	£000
Equities	<b>156,666</b>	135,051
Corporate bonds	<b>27,156</b>	21,324
Property	<b>22,978</b>	12,439
Other	<b>2,089</b>	8,885
	<hr/> <b>208,889</b> <hr/>	<hr/> 177,699 <hr/>
 Actual return on plan assets	 <b>23,646</b>	 11,015

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	<b>2015</b>	2014
	<b>%</b>	%
Discount rate	<b>3.2</b>	4.3
Expected rate of return on plan assets	<b>3.2</b>	6.0
Future salary increases	<b>4.3</b>	5.1
Inflation/pension increase rate	<b>2.4</b>	2.8

In valuing the liabilities of the pension fund at 31 March 2015, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Salary increases are expected to be 1% p.a. until 31 March 2016 and 4.3% p.a. thereafter
- Current pensioner aged 65: 22.1 years (male), 23.6 years (female)
- Future retiree upon reaching 65: 24.8 years (male), 26.2 years (female)

## Notes (continued)

### 12 Pension costs (continued)

#### History of plans

The history of the plans for the current and prior periods is as follows:

	<b>2015</b> <b>£000</b>	2014 £000	2013 £000	2012 £000
Present value of scheme liabilities	<b>(210,397)</b>	(170,209)	(147,685)	(117,434)
Fair value of scheme assets	<b>208,889</b>	177,699	160,503	134,507
	<hr/>	<hr/>	<hr/>	<hr/>
Net asset	<b>(1,508)</b>	7,490	12,818	17,073
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### Experience adjustments

	2015 (£000/%)	2014 (£000/%)	2013 (£000/%)	2012 (£000/%)
Experience adjustments on scheme liabilities (as a percentage of scheme liabilities)	<b>(6,970) / 3.3%</b>	(5) / 0.003%	73 / 0.1%	677 / 0.6%
Experience adjustments on scheme assets (as a percentage of scheme assets)	<b>13,952 / 6.7%</b>	2,510 / 1.4%	12,373 / 7.7%	(6,501) / 4.8%

The LLP expects to contribute approximately £6,865,000 to its defined benefit plan in the next financial year.

### 13 Post balance sheet events

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

### 14 Operating lease commitments

The LLP has annual commitments under operating leases as follows:

	<b>2015</b> <b>£000</b>	2014 £000
For leases expiring:		
Within one year	<b>73</b>	73
Within two to five years	<b>861</b>	861
Over five years	<b>309</b>	309
	<hr/>	<hr/>
	<b>1,243</b>	1,243
	<hr/> <hr/>	<hr/> <hr/>

### 15 Ultimate parent organisation

The LLP's ultimate parent undertaking is Glasgow City 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 Glasgow City Council may be obtained from its registered office at the City Chambers, Glasgow, G2 1DU.