

CITY BUILDING (CONTRACTS) LLP

Members' Report and Financial Statements
Registered number: SO301080
Year ended 31 March 2017

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Members' report

The members present their report and audited financial statements for the year ended 31 March 2017.

Principal Activity

The principal activities of City Building (Contracts) LLP are Construction, Repair and Maintenance operations and Manufacturing.

Designated Members

City Building (Contracts) LLP had two members during the period, Glasgow City Council and GCC LLP Investments Ltd, both of whom were designated Members.

Members' Capital

No distribution was made to the members for the year.

There was no movement on members' capital within the year. 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.

Financial Results for the Year

During the financial year, City Building (Contracts) LLP only traded with external clients' out-with Glasgow City Council.

There was an increase in turnover to £74.9m (2016 - £64.2m) from which we have achieved an operating profit of £40k. The Company continued to operate a call off arrangement with its sister company, City Building (Glasgow) LLP, under which the Company obtained services in order to deliver its contracts. This arrangement has resulted in the Company reporting a profit for the year of £50k (2016 - £50k)

The net assets of City Building (Contracts) at 31 March 2017 increased to £600k (2016 – £550k).

Administrative Expenses

These have increased to £1,312k (2016 – £571k) primarily due to the change in the management fee levied by City Building (Glasgow) LLP, with a charge of £1,297k in 2016 (2015 - £574k).

Our Credentials in the Marketplace

Together with our sister company City Building (Glasgow) LLP we continue to develop City Buildings' brand in our chosen markets. We have won, in competition, over £1.3 billion worth of new business, sustaining employment for our workforce. As well as delivering 70 new apprenticeships during this financial year, 86% of our apprentices retained in jobs with us on completion of their qualifications.

In October 2016, we celebrated our 10 year corporate anniversary. To mark a decade of success and innovation in Glasgow we commissioned an independent academic study of

our economic and social impact in Glasgow, which was undertaken by the Fraser of Allander Institute.

The aim of the study was to assess the scale of our contribution to the Glasgow economy as well as the general impact our socially responsible training and employment practices, community work and charity activities, have on the city.

Some of the findings included:

- City Building through its economic impact supports a total of 3,877 jobs in Glasgow.
- For every two City Building jobs, a further 1.44 are created.
- For every £1 paid to employees, an additional £0.71 in wages is generated across Glasgow.
- By employing 2250 people, one in eight Glasgow construction jobs is provided by City Building.
- City Building employs 1 in every 120 people in the city.
- 73.5% of supplier expenditure is with Glasgow's SMEs.
- Employees contributed voluntary work valued at £2 million 2015/16.

Underlining the unique social ethos at the heart of City Building, we have been judged one of the top businesses in Scotland for people development by the Glasgow Business Awards and have increased our market positioning within the top 100 construction companies in the UK from number 53 to 47, according to industry data collated by the journal Construction News.

External, independent validation of our performance is central to a culture of continuously driving forward our performance across the board.

In the past 12 months, we have received specific recognition from a range of industry and business organisations, with over a dozen major plaudits, including:

- The Queen's Award for Enterprise: Sustainable Development
- Quality, health & safety and environmental accreditation ISO 9001, ISO 14001, and ISO 18001
- EFQM Recognised for Excellence 4 Star Accreditation
- Investors in Young People Gold Award.
- Trades House Apprentice of the Year Award
- Scottish Apprenticeship Awards SDS Employer of the Year
- The Herald and GenAnalytics Diversity Social Enterprise of the Year
- Glasgow Business Awards – Innovation in Youth Employment Finalist
- Glasgow Business Awards – Sustainable Development Finalist
- Glasgow Business Awards – Excellence in Customer Service Finalist
- Vibes 2016 Management Awards Finalist
- Scottish Apprenticeship Awards SDS Promoting Diversity Finalist
- The Herald and GenAnalytics Star Performer Finalist
- Scottish Business Awards Large Company Finalist
- Reserve Forces Employer Silver Award winner
- Carer Positive Employer Award winner
- Commonwealth Construction Apprentice of the Year

Construction Division

Market conditions continued to be challenging for the construction sector as a whole. Revisions to programme start dates and the completion of existing projects resulted in a turnover figure of £4.0m (2016-(£2.6m)), a £6.6m improvement.

Together with our sister organisation City Building (Glasgow) LLP, the Construction Division continues to be a market leader in providing opportunities which are of significant community and local economic benefit. We are still involved in rolling out various award winning equality initiatives under our "Construction for All" initiative which targets women into construction and the black minority ethnic community to develop their careers in construction. A stark illustration of our commitment is that City Building now employs one-in-four female craft apprentices in Scotland.

As part of the £300 million new build framework with the Wheatley Housing Group Limited we are currently constructing 71 Houses and Flats at Liddesdale Road, Glasgow.

In recent years we have made strategic investments in our technology capabilities, our manufacturing capabilities, our processes and our workforce at our manufacturing facility RSBi. The result of this investment has created additional new ways of working and greater innovation with products and services

As a contractor we have successfully entered into new areas of work based on both the quality of our work and the community and social benefits that we offer.

With our main strength being in the depth of our service provision we can operate as a main contractor, sub-contractor or as part of a working partnership.

City Building (Contracts) is confident that our stance will be validated and that our order book will allow the company to continue to grow over the course of the forthcoming year.

Repairs and Maintenance Division

Following a strong year for the Repairs and Maintenance Division where turnover has increased from £62.4m to £66.5m, Glasgow City Council and the Wheatley Group entered into a 50/50 joint venture on 1 April 2017 which will provide improved services to tens of thousands of householders across the city for the next three decades for Wheatley Group customers.

The stability this ground-breaking model will deliver also enables both organisations to invest for the long-term benefit of customers and employees, securing the future of 2,000 skilled workers and the creation of a further 2,000 apprenticeships in the decades ahead.

In financial terms, a guaranteed 30 years of secured work worth £3.7 billion will generate a further £225 million for the city's wider economy every year.

At the forefront of everything we do is a clear responsibility to set new standards of efficiency and accountability. That's why we have worked hard to align services, processes and standards with our other clients where we have enhanced and improved our commercial approach particularly in the delivery of Registered Social Landlords (RSL) Repairs and Maintenance contracts, generating value and delivering a service aligned with the Scottish Housing Regulators' Charter Measures.

This modern and progressive approach has enabled us to secure contract extensions with several key clients, and secure new contracts too.

We have secured Scottish Business Pledge accreditation which is a values-led partnership between the Scottish Government and business. It is a shared ambition of boosting productivity, competitiveness, sustainable employment, workforce engagement and development.

At the forefront of everything we do is a clear responsibility to set new standards of efficiency and accountability. That's why we've been working hard to align services, processes and standards with internal Glasgow City Council departments. We're also working much closer with our ALEO (arm's length organisation) colleagues at City Property LLP and Glasgow Life to ensure we help deliver significant on-going savings and service improvements to Glasgow City Council.

As well as providing day-to-day maintenance, City Building also provides a facility management service including lift and alarm maintenance and installation services, asbestos and legionella identification and removal services.

These vital and specialist services are now increasingly being delivered with the help of mobile technology. This focus on improving efficiency and service has resulted in customer satisfaction levels of 97%.

We have the necessary skills and knowledge to undertake traditional stonemasonry building conservation projects and are well placed to build on the success of previous projects undertaken on prestigious high profile landmark buildings in Glasgow.

In addition, we lead by example in terms of our environmental strategy and addressing our own carbon footprint. Our strategy is annually reviewed and ensures our legal compliance, particularly with SEPA regulated Pollution Prevention and Control permits and waste management licences. Our Environmental Management System is accredited to ISO 14001:2004 and audited by BSI.

Manufacturing Division - RSBi

RSBi is one of the most forward-thinking social enterprises in the UK, combining commercial success with socially-inclusive practices. It employs 260 people, 50% of whom have a disability, including HM Forces veterans.

RSBi experienced an increase in turnover to £27.2m, £4.4m relating to City Building (Contracts) LLP, (2016 £25m, £4.5m relating to City Building (Contracts) LLP), an 8.8% increase, mainly due to reaching new clients requiring furniture manufacturing and installations.

Our continuing strategy of investing in people, plant and equipment enables us to supply an enormous range of quality products at a competitive price, underpinning the success of the business as a whole.

As well as manufacturing high quality kitchens, school and office furniture, windows and curtain walling, the timber kits manufactured by RSBi are integral to the construction of new houses, schools, care units and offices built by the Construction Division.

New projects secured in the past year include several commissions within the student accommodation market, furniture supply to the NHS including new Health Centres, Scottish Enterprise, Scottish Prison Service and Scottish Fire & Rescue.

As the new Scottish Welfare Fund arrangements are now managed by Glasgow City Council, RSBi is pleased to have been chosen as a major supplier under this contract, providing furniture and white goods to some of the most vulnerable people in Scottish society.

The Scottish Government established a national framework for supported factories and businesses to provide products and services to the Scottish public sector and RSBi was successful in two Lots. This framework has already opened up new markets for RSBi and activity levels have increased.

It's a reflection of the scale of our commitment to this important sector that RSBi employs 32% of all 16–24 year-olds working for supported businesses in Scotland.

RSBi was the first supported business in Scotland to secure the Scottish Government's Scottish Business Pledge accreditation recognising fair working practices.

Corporate Services Division

The 324 apprentices employed at our SQA-accredited training centre at Queenslie not only underpin much of the work carried out by our Construction and Repair & Maintenance Divisions, but the outstanding quality of the training they receive enhances their career prospects for decades to come.

With an apprentice "pass out rate" of 94% in the past year, almost a third above the national sector average, our apprenticeship programme is one of the most highly-rated in the country. However, it is only one element of the investment we make in our people, which also covers degree and post-graduate qualifications.

In the past year alone, we have carried out 50,000 hours of training across a myriad of disciplines, from construction, health & safety and manual handling to scaffold inspections, asbestos awareness and first aid.

Our inclusive approach to community engagement is not just the "right thing to do", but also makes business sense. In all major projects, we actively involve local people in our decision-making processes – after all, they are the ones who will be benefitting from these projects for years to come. Not only do we provide local employment, apprenticeships and sponsorship of local projects and events but we also undertake community-based apprenticeship projects, further strengthening the links between our workforce and our customers.

This year, 73 communities, charities and third sector organisations benefitted from our work, including numerous Community Apprentice Projects undertaken for local charities, projects and community organisations as well as over 100 school pupils gaining work experience in construction and manufacturing. In addition, we have contributed £30,000 to corporate charities and our employee-led charity fundraising raised £14,657.70 which included "Pay for a Day" running costs at Marie Curie Hospice, Glasgow as part of our 10-year corporate anniversary as well as helping to support 19 individual charities.

Risk Management

City Building applies a significant level of corporate governance to the management of business risk and has in place a formal structured risk review process. The risk register is a live document and quarterly reviews are reported to Glasgow City Council and through our own Audit Committee, which is chaired by an elected Board member.

The stability of the UK construction market appears to have improved over the year and our previous concerns with regard to the viability of sub-contractors has diminished. We have recently established a new framework to supply more than 70 construction and trades services involving 136 Glasgow-based companies, with 82.5% of the successful businesses described as SMEs.

The Repairs and Maintenance sectors will continue to be driven in part by efforts to reduce energy costs by the installation of energy efficient measures and/or renewable energy generation technologies and City Building is well placed to take advantage of any opportunities in this area.

In addition, we are continually engaged in seeking out new business development opportunities to bolster current contracts.

City Building has worked hard to ensure our cash management procedures are rigorous enough to enable us to manage this resource effectively and we are pleased to report that financial projections forecast a further cash positive position for the forthcoming financial year.

Regular reviews of our business operations and procedures are undertaken by our own Internal Audit Team and those of Glasgow City Council, the results of which are reported to the Audit Committee and subsequently to the Board.

Our Values

City Building is committed to “Building a Sustainable Future” for our clients, partners and employees.

Our mission is to contribute excellence in construction, repairs, maintenance, manufacturing and training to customers, our employees, suppliers and the local communities in which we work.

Our unique social ethos will continue to underpin everything we do and will drive the creation of training and employment opportunities for a diverse range of people, including minority and other under-represented groups across Glasgow and beyond.

We will continue to contribute to build a better society by using socially inclusive practices, and delivering effective, accountable products and services which offer value for money and enhance the quality of life, safety and wellbeing of our stakeholders.

Our values, which are embraced by all employees, are:

- | | |
|-------------|--|
| Excellence: | to deliver quality in everything we do. |
| Honesty: | to promote, at all times, honesty in our communication with all stakeholders, promoting partnerships and sustainability. |
| Ambition: | to do more for our clients and partners and provide more opportunities for our employees and stakeholders as part of our change and growth strategies, succession planning and sustainability. |
| Trust: | to be trusted by our employees, clients and partners. |

Community: to build more sustainable communities through social, economic and community engagement.

Corporate Social Responsibility

“Building a Sustainable Future” is more than a trite slogan for us. We are acutely aware that we’re providing valuable skills to the workforce of tomorrow and generating sustainable economic and social benefits in our local communities and beyond. Our strong focus on continuous training for all employees, including apprentices and tradespeople, will help us to develop responsible citizens for the future.

City Building is committed to:

- Delivering lasting employment opportunities to local people, including those with a disability and / or from minority groups.
- Engaging directly with local community groups, housing associations and other agencies to ensure we maximise opportunities to improve local areas and overall wellbeing.
- Continuing our work on youth citizenship programmes to deliver positive communities.
- Investing in green technologies to ensure the future of both our workforce and the environment.
- Increasing the number of apprentices and tradespeople trained in renewable technologies to ensure we have a multi-skilled workforce for the future.
- Combining commercial success with socially and environmentally responsible practices to give life changing opportunities to those far removed from the labour market.
- Working in partnership with a range of organisations including RNIB, Glasgow’s Helping Heroes and the Ministry of Defence to ensure that people of all abilities are encouraged to reach their full potential.

Our strong commitment to sustainable development will ensure that we continue to leave positive and lasting legacies for future generations in local communities across the city.

Investment for New Business Development

City Building is committed to investing in the business to support its development and growth. In line with other construction companies we ensure our marketing budget is directed towards increasing new business opportunities.

Outlook 2017-18

The Members are of the considered opinion that the core business operations continue to be in a position to deliver a profitable outcome for the forthcoming financial year.

With both a highly skilled workforce and a strong, experienced management team City Building (Contracts) is confident that it will continue to secure new contracts through the 2017-2018 financial year for both itself and its clients resulting in a further increased profits.

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.

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 each aware, there is no relevant audit information of which the Partnership's auditor are 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 Company'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 13th September 2017

Approved by the members and signed by

Graham Paterson

For and on behalf of

GCC LLP Investments Ltd
Designated member
Registered Number: SO301080

14th September, 2017

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 FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 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; 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 City Building (Contracts) LLP

We have audited the financial statements of City Building (Contracts) LLP for the year ended 31 March 2017 set out on pages 12 to 18. The financial reporting framework that has been applied in their preparation is applicable law and [UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*].

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 9, 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 March 2017 and of its 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; and
- we have not received all the information and explanations we require for our audit.

Andrew Shaw (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

319 St Vincent Street

Glasgow

G2 5AS

[Date]

Profit and loss account and other comprehensive income
for the year ended 31 March 2017

	<i>Note</i>	2017 £000	2016 £000
Turnover	2	74,924	64,222
Cost of sales		<u>(73,572)</u>	<u>(63,608)</u>
Gross Profit	3	1,352	614
Administrative expenses		<u>(1,312)</u>	<u>(571)</u>
Operating profit	4	40	43
Interest receivable and similar income	5	<u>10</u>	<u>7</u>
Profit on ordinary activities before and after taxation being profit for the financial year before members remuneration and profit share		<u>50</u>	<u>50</u>
 Profit for the period available for discretionary division among members		<u>50</u>	<u>50</u>

All of the LLP's operations are classed as continuing. There were no gains or losses other than those included in the above profit and loss account.

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

**Other Comprehensive Income
 for year ended 31 March 2017**

	Note	2017 £000	2016 £000
Profit for the year		50	50
Other comprehensive income		-	-
Other comprehensive income for the year, net of income tax		50	50
Total comprehensive income for the year		50	50

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.

Balance Sheet
at 31 March 2017

	Note	2017 £000	2016 £000
Current assets			
Debtors	7	7,949	19,737
Cash in hand and in bank		7,191	7,596
		<hr/> 15,140	<hr/> 27,333
Creditors: amounts falling due within one year	8	<u>(14,540)</u>	<u>(26,783)</u>
Net current assets		<hr/> 600	<hr/> 550
Total assets less current liabilities		<hr/> 600	<hr/> 550
Members' interest			
Members' capital		1	1
Other reserves		<u>599</u>	<u>549</u>
		<hr/> 600	<hr/> 550

These financial statements were approved by the members on 13th September 2017 and were signed on their behalf by:

Graham Paterson
For and on behalf of

GCC LLP Investments Ltd
Designated member
Registered *Number:*
SO301080

14th September 2017

Statement of Changes in Equity

	Members capital £000	Other reserves £000	Total equity £000
Balance at 1 April 2015	1	499	500
Total comprehensive income for the period			
Profit or loss	-	50	50
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	1	549	550
	<hr/>	<hr/>	<hr/>

Statement of Changes in Equity

	Members capital £000	Other reserves £000	Total equity £000
Balance at 1 April 2016	1	549	550
Total comprehensive income for the period			
Profit or loss	-	50	50
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	1	599	600
	<hr/>	<hr/>	<hr/>

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").

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied.

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 and related notes, and key management personnel compensation as stated in FRS 102. There have been no transition related adjustments raised.

As the LLP is a wholly owned subsidiary of Glasgow City Council, the LLP has taken advantage of the exemption contained in FRS 102 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 City Building (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 10.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The financial statements have been prepared on the going concern basis because management believe that City Building (Contracts) LLP will continue to be profitable in the following 12 months. This is based on the contracts which the LLP has for the forthcoming period and prior experience of the general profitability of the work being undertaken.

Turnover recognition

Turnover 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.

Long-term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous accounting periods. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated as costs incurred, less those transferred to the profit and loss account, after deducting reasonable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Provisions

Provisions are recognised when the LLP has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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.

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.

2 Turnover

Turnover represents the invoiced value of goods and services supplied within the principal activities of the LLP and is net of VAT.

3 Gross Profit

The activities of the LLP are broken down as follows:

Year ended 31 March	Construction Activities		Repairs and Maintenance Activities		Manufacturing		Total	
	2017 £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000
Turnover	4,039	(2,597)	66,533	62,365	4,352	4,454	74,924	64,222
Gross profit	<u>(401)</u>	<u>(1,748)</u>	<u>1,875</u>	<u>2,437</u>	<u>(122)</u>	<u>(75)</u>	<u>1,352</u>	614

Common administrative costs	(1,312)	(571)
Operating profit	40	43
Interest receivable	10	7
Profit before taxation	50	50

4 Operating profit

	2017 £000	2016 £000
<i>Operating profit is stated after charging:</i>		
Auditor's remuneration	4	4
other services relating to taxation	2	2

5 Other interest receivable and similar income

	2017 £000	2016 £000
Other interest receivable	<u>10</u>	<u>7</u>

6 Particulars of members

The number of members of the Limited Liability partnership for the period was two. No remuneration was paid to either member.

7 Debtors

	2017 £000	2016 £000
Trade debtors	7,156	17,931
Amounts due by group undertakings	-	-
Prepayments and accrued income	<u>793</u>	<u>1,806</u>
	<u>7,949</u>	<u>19,737</u>

8 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	19	8
Amounts owed to parent	-	-
Amounts owed to other group undertakings	9,726	21,630
Value added tax	4,789	5,139

Accruals and deferred income	<u>6</u>	<u>6</u>
	<u>14,540</u>	<u>26,783</u>

9 Ultimate parent organisation

The LLP's ultimate parent undertaking is Glasgow City Council, one of its designated members, as this is 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.

10 Post Balance Sheet Events

The Repairs and Investment work for Wheatley Group previously undertaken by City Building (Contracts) LLP will now be undertaken by City Building (Glasgow) LLP. Glasgow City Council Repairs work will continue to be carried out by the LLP but Capital work will now be carried out by City Building (Contracts) LLP. Those employees engaged in non-Joint Venture work were transferred under TUPE to City Building (Contracts) LLP on 1 April 2017