

**REGISTRATION NUMBER SO301705**

**SERVICE GLASGOW LLP**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE 15 MONTH PERIOD ENDED 31 MARCH 2018**

# SERVICE GLASGOW LLP

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD ENDED 31 MARCH 2018

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**SERVICE GLASGOW LLP**

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE 15 MONTH PERIOD ENDED 31 MARCH 2018

DESIGNATED MEMBERS AND ADVISERS

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Registration number: SO301705

Registered office: 220 High Street  
Glasgow  
Scotland  
G4 0QW

Designated members: Glasgow City Council  
GCC LLP Investments Limited (appointed 30 November 2017)  
Serco Limited (terminated 30 November 2017)

Banker: Royal Bank of Scotland  
Regional Service Centre Europe  
62-76 Park Street  
London  
SE1 9DZ

Independent auditor: KPMG LLP  
Chartered Accountants & Statutory Auditor  
319 St Vincent Street  
Glasgow  
G2 5AS

Solicitor: Pinsent Masons LLP  
141 Bothwell Street  
Glasgow  
G2 7EQ

# SERVICE GLASGOW LLP

## MEMBERS' REPORT

For the 15 month period ended 31 March 2018

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The members present their report on the affairs of the Limited Liability Partnership, together with the audited financial statements for the 15 month period ended 31 March 2018.

Service Glasgow LLP, trading as "ACCESS", ("the LLP") is a Limited Liability Partnership registered in Scotland with registered number SO301705.

### **Principal Activity**

During the period ended 31 March 2018, the LLP was principally engaged in the provision of Information and Communications Technology ("ICT"), Property related and Facility Management services in the UK. The Members have separately considered the status of the Service Agreement with Glasgow City Council which expired on 31 March 2018. As the Service Agreement underpins the Service Glasgow statutory entity and the members have not acquired a replacement trade and do not intend to acquire a replacement trade it is the intention of the Members to wind up the LLP after 31 March 2018, following the settlement of the remaining net assets. On this basis the members have not prepared the financial statements on a going concern basis. The effect of this is explained in note 2.

### **Change of Financial Period End**

The accounting reference date of the LLP was changed from 31 December to 31 March to run coterminous with the year end of its ultimate controlling party at the period end, Glasgow City Council. Accordingly, the current financial statements are prepared for the 15 months from 1 January 2017 to 31 March 2018 and as a result, the comparative figures stated in the income statement, balance sheet, statement of changes in equity, cash flow statement and the related notes are not comparable.

### **Business Review**

The results for the period ended 31 March 2018 are set out on page 8. The members regard these results as satisfactory and believe they reflect the level of activity during the year. The LLP's primary contract for the provision of ICT and Property Services to Glasgow City Council was awarded in 2008. The service provision was extended throughout 2011-2012 to include ICT and Property Services to the Education estate, additional Glasgow City Council Properties and Jobs and Business Glasgow. Following the completion of contract on 31 March 2018 the LLP has ceased trading.

### **Key Performance Indicators ("KPIs")**

Performance is monitored by management in line with the LLP's strategy and with reference to a number of KPIs. In 2017/18, the LLP handled 224,008 incidents and service requests which were logged through the Service Desk (2016: 210,453). A Customer Satisfaction Service Level Agreement ("SLA") was introduced in October 2008; the reported measure for the 12 month period ended 31 December 2017 was 94.68% against a target of 85% (*year ended 31 December 2016: 91% against a target of 85%*). Due to the contract terminating on 31 March 2018 an SLA waiver was enacted from 1 February 2018 through to the end of the contract to reflect the transition of service to the new service provider. .

The LLP has continued to perform well against contracted Service Level Agreements ("SLAs") during the final period of operation. In total 323 SLAs were applied to ICT services (2016: 324), 26 SLAs were applied to management services (2016: 28), and 4 SLAs are applied to property services (2016: 4) until 31 January 2018 when the SLA waiver was in place.

## **SERVICE GLASGOW LLP**

### **MEMBERS' REPORT (CONTINUED)**

For the 15 month period ended 31 March 2018

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#### **Financial Risk Management Objectives and Policies**

The LLP is principally funded through management of its working capital.

The main risks arising from the LLP's financial instruments are liquidity risk and credit risk. The Partnership Board reviews and agrees policies for managing each of these risks and these are summarised below. The LLP does not enter into derivative transactions.

#### **Liquidity Risk**

The LLP's objective is to maintain a balance between continuity of funding and flexibility through the use of working capital and members' loans.

#### **Credit Risk**

The LLP's principal financial assets are cash and cash equivalents and amounts due from members.

The LLP trades with only its designated members and recognised, creditworthy third parties. It is the LLP's policy that as may be deemed appropriate, clients are subject to credit vetting procedures. The LLP has one public sector customer.

#### **Designated Members**

The designated members at the date of this report are Glasgow City Council and GCC LLP Investments Limited. GCC Investments Limited was admitted as a member of Service Glasgow LLP on 30 November 2017. Serco Limited ceased to be a member of Service Glasgow LLP on 30 November 2017.

The designated members each own 50% of the LLP however the voting rights are held by Glasgow City Council (99,999 votes) and GCC LLP Investments Limited (1 vote).

#### **Policy regarding Members' Drawings and Capital**

The level and timing of drawings is decided by the LLP's Operating Board after taking into account the LLP's cash requirements for operating and investment activities. Unallocated profits and losses are shown in "Other Reserves". The level of members' capital is determined by the members in accordance with the members' agreement.

## **SERVICE GLASGOW LLP**

### **MEMBERS' REPORT (CONTINUED)**

For the 15 month period ended 31 March 2018

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#### **Equal Opportunities Policy**

It is the policy of the LLP to provide equal opportunities in all areas of its employment including recruitment, education, training, promotion, transfer and terms and conditions of employment.

There shall be no discrimination on the grounds of colour, race, nationality, ethnic or national origin, religion, social background, marital status, sex, sexuality, actual or perceived AIDS/HIV status or perceived association with an HIV positive person, age or disability. This policy applies to all departments and to all grades and positions.

All employees will be recruited, trained and promoted on the basis of ability, job requirements and fitness for work.

Where appropriate as determined by monitoring procedures, lawful positive action, training and encouragement will be considered in areas where particular groups are under-represented to make this policy fully effective.

This policy is in accordance with relevant legislation.

#### **Employee Consultation**

The LLP places considerable value on the involvement of its employees and ensures that they are fully integrated within its activities. This is achieved through:

- Regular briefings and a newsletter highlighting the LLP's strategy, performance and market successes;
- Training and development programmes for employees designed to ensure employees' continuing professional and personal development is in a manner aligned with the LLP's business needs; and
- Employee surveys.

#### **Supplier Payment Policy**

The LLP seeks to agree commercial payment terms with its suppliers and, provided performance is in accordance with the agreed terms, to make payment accordingly.

## SERVICE GLASGOW LLP

### MEMBERS' REPORT (CONTINUED)

For the 15 month period ended 31 March 2018

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#### **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 period. Under that law the members have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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:

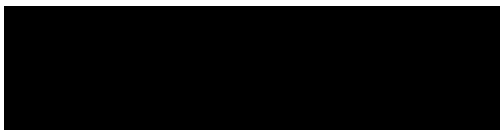
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the LLP's ability to continue as a going concern, disclosing, as applicable, 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 (as explained in note 2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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.

#### **Independent Auditor**

As far as each member is aware, there is no relevant audit information of which the LLP's auditor is unaware. Each member has taken all steps that they should have taken to make themselves aware of such information.

Approved and signed on behalf of the members.



Morag Johnston

Glasgow City Council

Designated member

18 May 2018

### **Opinion**

We have audited the financial statements of Service Glasgow LLP ("the LLP") for the 15 month period ended 31 March 2018 which comprise the Income Statement, the Balance Sheet, Statement of Changes in Equity, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. These financial statements have not been prepared on the going concern basis for the reason set out in note 2.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 March 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU; 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.

### **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.



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**Members' responsibilities**

As explained more fully in their statement set out on page 5, 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.

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.

  
**Gordon Herbertson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

319 St Vincent Street

Glasgow

G2 2AS

24 May 2018

## SERVICE GLASGOW LLP

### INCOME STATEMENT

For the 15 month period ended 31 March 2018

	Note	15 month Period ended 31 March 2018 £'000	Year ended 31 December 2016 £'000
Revenue	3	66,799	51,293
Cost of sales		<u>(49,571)</u>	<u>(43,325)</u>
<b>Gross profit</b>		<b>17,228</b>	<b>7,968</b>
Administrative expenses		<u>(4,790)</u>	<u>(3,489)</u>
<b>Operating profit for the financial period/year before members' remuneration and profit shares</b>	4	<b>12,438</b>	<b>4,479</b>
Members' remuneration charged as an expense	7	<u>(6,207)</u>	<u>(5,642)</u>
<b>Profit/(loss) for the financial period/year available for discretionary division among members</b>		<b><u>6,231</u></b>	<b><u>(1,163)</u></b>

All activities have arisen from now discontinued operations.

The LLP has no recognised gains or losses other than the results for the period or preceding year as set out above and accordingly a Statement of Other Comprehensive Income is not presented.

The accompanying notes are an integral part of these financial statements.

# SERVICE GLASGOW LLP

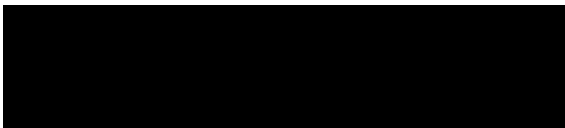
## BALANCE SHEET

As at 31 March 2018

	Note	31 March 2018 £'000	31 December 2016 £'000
<b>Current assets</b>			
Intangible assets	8	-	404
Inventories	9	673	1,009
Trade and other receivables	10	7,632	4,838
Cash and cash equivalents		3,945	3,686
		<u>12,250</u>	<u>9,937</u>
<b>Current liabilities</b>			
Trade and other payables	11	<u>(11,263)</u>	<u>(12,890)</u>
<b>Net current assets/(liabilities)</b>		<b>987</b>	<b>(2,953)</b>
<b>NET ASSETS/(LIABILITIES) ATTRIBUTABLE TO MEMBERS</b>			
		<u><b>987</b></u>	<u><b>(2,953)</b></u>
<b>REPRESENTED BY:</b>			
Other reserves	13	<u>987</u>	<u>(2,953)</u>
<b>TOTAL MEMBERS' INTERESTS</b>		<u><b>987</b></u>	<u><b>(2,953)</b></u>

The accompanying notes are an integral part of these financial statements.

The financial statements for Service Glasgow LLP, registered number SO301705, were approved by the members and authorised for issue on 18 May 2018 and were signed on their behalf by:

  
Morag Johnston  
Glasgow City Council  
Designated member

**SERVICE GLASGOW LLP**

**STATEMENT OF CHANGES IN EQUITY**

For the 15 month period ended 31 March 2018

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	<b>Members’ interests – other reserves £’000</b>
<b>Balance at 31 December 2015</b>	(1,790)
Profit for the financial year before Members’ remuneration and profit shares	4,479
Members’ remuneration charged as an expense	<u>(5,642)</u>
<b>Balance as at 31 December 2016</b>	<u>(2,953)</u>
Profit for the financial period before Members’ remuneration and profit shares	12,438
Members’ remuneration charged as an expense	(6,207)
Distribution to Members	<u>(2,291)</u>
<b>Balance as at 31 March 2018</b>	<u>987</u>

**SERVICE GLASGOW LLP****CASH FLOW STATEMENT**

For the 15 month period ended 31 March 2018

	Note	15 month period ended 31 March 2018 £'000	Year ended 31 December 2016 £'000
<b>Net cash inflow/(outflow) from operating activities</b>	12	<u>2,074</u>	<u>(2,566)</u>
<b>Cashflows from financing activities</b>			
Payment to members		<u>(1,815)</u>	<u>-</u>
<b>Net cash outflow from financing activities</b>		<u>(1,815)</u>	<u>-</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>259</b>	<b>(2,566)</b>
<b>Cash and cash equivalents at start of the year</b>		<u>3,686</u>	<u>6,252</u>
<b>Cash and cash equivalents at end of the year</b>		<u>3,945</u>	<u>3,686</u>

The accompanying notes are an integral part of these financial statements.

## **SERVICE GLASGOW LLP**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the 15 month period ended 31 March 2018

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#### **1. GENERAL INFORMATION**

Service Glasgow LLP (“the LLP”) is a limited liability partnership incorporated in Scotland under the Limited Liability Partnerships Act 2000. The address of its registered office is 220 High Street, Glasgow, G4 0QW. The registered number SO301705.

The LLP was incorporated on 28 January 2008 and, on 1 April 2008, assumed responsibility for the ICT and Property Management Services of Glasgow City Council, contracted until 31 March 2018. In 2011, these services were extended to include provision of ICT managed services to the Education Secondary Schools in Glasgow City Council. 2012 saw the extension of services through the provision of ICT managed services to Glasgow Regeneration Agency and to the Education Pre-12 and Assisted Support for Learning schools, Property managed services to the Education estate of Glasgow City Council and Facilities management services to the remaining Glasgow City Council city centre properties.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the LLP operates.

There are no new standards, amendments or interpretations that are effective for the first time for the current financial period that have a material impact on the LLP.

Given the intention of the Members to wind up the LLP, no new accounting standards are expected to have an impact on the financial statements of the LLP in future periods.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of accounting**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and under the historical cost convention. The principal accounting policies adopted are set out below.

##### **Going concern**

On 31 March 2018 the members took the decision to cease trading following expiration of the Service Agreement underpinning the Service Glasgow LLP. Accordingly the members have not prepared the financial statements on a going concern basis. The financial statements for the year ended 31 December 2016 were prepared on a non-going concern basis to reflect the end of the contract at 31 March 2018. The financial position of the LLP is shown on the balance sheet on page 9. It is the intention of the Members that the LLP will be wound up in a controlled manner following the settlement of all outstanding liabilities.

## **SERVICE GLASGOW LLP**

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 15 month period ended 31 March 2018

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## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and VAT.

### **Intangible assets**

An internally-generated intangible asset arising from the LLP's development is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future income benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised over the remaining life of the LLP's main contract. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. Amortisation is provided over the useful life which is expected to end on 31 March 2018.

### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

### **Members' remuneration**

Remuneration to members that is paid under the LLP agreement, or other payments, which represent a liability of Service Glasgow LLP not arising from a division of profits, are expensed to the income statement and disclosed within note 13.

Profit shares which have not been allocated at the balance sheet date are treated in these financial statements as unallocated at the balance sheet date and included within other reserves.

### **Retirement benefit costs**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the LLP's obligations under the scheme are equivalent to those arising in a defined contribution retirement benefit scheme.

## SERVICE GLASGOW LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 15 month period ended 31 March 2018

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### **Financial instruments**

Financial assets and financial liabilities are recognised on the LLP's balance sheet when the LLP becomes a party to the contractual provisions of the instrument.

#### *Trade receivables*

Trade receivable amounts due from members and cash and cash equivalents are classified as "loans and receivables". They do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

#### *Trade payables*

Trade payables and amounts due to members are classified as "other financial liabilities". They are not interest bearing and are stated at their nominal value.

#### *Financial Assets*

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the LLP's principal customer, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through the profit or loss, which are initially measured at fair value.

### **Inventories**

Inventories are stated at the lower of cost and net realisable value and principally comprise work in progress which represents employee time on projects that are incomplete and includes expenditure and other costs in bringing the projects to their existing status.

### **Taxation**

The taxation payable on profits of the Limited Liability Partnership is the liability of the members. Accordingly, no tax charge is included in the income statement.

## 3. REVENUE

The revenue of the LLP is principally derived from the provision of ICT and property related services to Glasgow City Council and arises solely in the United Kingdom.



## SERVICE GLASGOW LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 15 month period ended 31 March 2018

#### 4. OPERATING PROFIT

##### Operating profit

Operating profit is stated before members' remuneration charged as an expense.

Operating profit is stated after charging:

	<b>Discontinued activities Period ended 31 March 2018 £'000</b>	Year ended 31 December 2016 £'000
Auditor remuneration:		
Fees payable to LLP's auditor for the audit of the LLP's annual financial statements	32	25
Operating lease rentals		
Buildings	730	641
Intangible amortisation	<u>404</u>	<u>323</u>

#### 5. CRITICAL ACCOUNTING JUDGEMENTS

In the opinion of the members, there are no critical accounting judgments in respect of the financial statements for the 15 month period ended 31 March 2018.

#### 6. STAFF COSTS

Employee costs for the LLP during the year (excluding members) were as follows:

	<b>Discontinued activities Period ended 31 March 2018 £'000</b>	Year ended 31 December 2016 £'000
Wages and salaries	17,612	14,943
Social security costs	1,843	1,545
Pension costs	1,762	1,475
	<u>21,217</u>	<u>17,963</u>

## SERVICE GLASGOW LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 15 month period ended 31 March 2018

#### 6. STAFF COSTS (CONTINUED)

The average number of full-time equivalent employees (excluding members) during the year was:

	<b>Discontinued activities 15 month Period ended 31 March 2018 Number</b>	<b>Year ended 31 December 2016 Number</b>
Technical staff	<b>368</b>	426
Administrative and support employees	<b>38</b>	43
	<b><u>406</u></b>	<b><u>469</u></b>

#### 7. MEMBERS' REMUNERATION CHARGED AS AN EXPENSE AND SHARE OF PROFITS

All outflows of benefits to members are treated as members' remuneration. No remuneration was paid to members under an employment contract.

A distribution of profits based on the results to 30 November 2017 was declared reflecting the share of profits payable to the exiting Member (Note 13).

#### 8. INTANGIBLE FIXED ASSETS

	<b>31 March 2018 £'000</b>	<b>31 December 2016 £'000</b>
Disclosed as:		
Current	<b>-</b>	404
Total Intangible Fixed Assets	<b><u>-</u></b>	<b><u>404</u></b>

**SERVICE GLASGOW LLP**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 15 month period ended 31 March 2018

**8. INTANGIBLE FIXED ASSETS (CONTINUED)**

	<b>In Use £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
At 1 January 2017	1,167	1,167
Transfer	-	-
<b>At 31 March 2018</b>	<u>1,167</u>	<u>1,167</u>
<b>Amortisation</b>		
At 1 January 2017	(763)	(763)
Charge for the period	(404)	(404)
<b>At 31 March 2018</b>	<u>(1,167)</u>	<u>(1,167)</u>
<b>Net Book Value</b>		
<b>At 31 March 2018</b>	<u>-</u>	<u>-</u>
At 31 December 2016	<u>404</u>	<u>404</u>

**9. INVENTORIES**

	<b>31 March 2018 £'000</b>	<b>31 December 2016 £'000</b>
Work in progress	673	1,003
Finished goods	-	6
	<u>673</u>	<u>1,009</u>

**10. TRADE AND OTHER RECEIVABLES**

	<b>31 March 2018 £'000</b>	<b>31 December 2016 £'000</b>
Prepayments and accrued income	4,858	2,876
Amounts due from members (note 15)	2,774	1,851
VAT debtor	-	111
	<u>7,632</u>	<u>4,838</u>

Amounts due from members fall due within one year, are unsecured and do not bear interest.

**SERVICE GLASGOW LLP****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the 15 month period ended 31 March 2018

**11. TRADE AND OTHER PAYABLES**

	<b>31 March 2018 £'000</b>	31 December 2016 £'000
Trade payables	287	1,125
Other payables	6,057	5,360
VAT creditor	287	-
Amounts due to members (note 15)	4,632	6,405
	<u>11,263</u>	<u>12,890</u>

Amounts due to members fall due within one year, are unsecured and do not bear interest.

**12. NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	<b>15 month Period ended 31 March 2018 £'000</b>	Year ended 31 December 2016 £'000
<b>Profit/(loss) for the financial period/ year available for discretionary division among members</b>	<b>6,231</b>	<b>(1,163)</b>
Adjustment for:		
Amortisation of intangible assets in use	404	323
<b>Operating cash flows before movements in working capital</b>	<b>6,635</b>	<b>(840)</b>
Decrease/(increase) in inventories	336	(437)
(Increase)/decrease in receivables	(2,793)	2,526
Decrease in payables	(2,104)	(3,815)
<b>Net cash inflows from operating activities</b>	<b>2,074</b>	<b>(2,566)</b>

## SERVICE GLASGOW LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 15 month period ended 31 March 2018

#### 13. TOTAL MEMBERS INTERESTS

Distributions are allocated to the members in line with the signed Partnership Agreement. Unallocated profits are included in reserves within member's equity.

	Reserves £'000	Amount due to/ (from) members £'000	Total £'000
Balance at the start of the prior year	(1,790)	-	(1,790)
Allocated loss	<u>(1,163)</u>	<u>-</u>	<u>(1,163)</u>
Balance at the end of the prior year	(2,953)	-	(2,953)
Profit for the current period available for division among members	6,231	-	6,231
Allocated profit	(2,291)	2,291	-
Drawings and distributions	<u>-</u>	<u>(2,291)</u>	<u>(2,291)</u>
	<u>987</u>	<u>-</u>	<u>987</u>

#### 14. LEASING COMMITMENTS

At the balance sheet date, the LLP had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	31 March 2018		31 December 2016	
	Buildings £'000	Total £'000	Buildings £'000	Total £'000
In one year or less	-	-	582	582
Between one and five years	<u>-</u>	<u>-</u>	<u>139</u>	<u>139</u>
	<u>-</u>	<u>-</u>	<u>721</u>	<u>721</u>

Operating lease payments represent rentals payable by the LLP for its office property. The lease was negotiated for a ten year period to 31 March 2018.

## SERVICE GLASGOW LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 15 month period ended 31 March 2018

#### 15. RELATED PARTY TRANSACTIONS

During the year the LLP entered into transactions with Glasgow City Council and Serco Limited. Glasgow City Council and Serco Limited are related parties as each owned 50% of the LLP to 30 November 2017. GCC LLP Investments Limited was a related party through its ownership of the LLP from 1 December 2017 however the LLP did not trade with GCC LLP Investments Limited during the period.

##### Trading Transactions

During the 15 month period ended 31 March 2018, the LLP entered into the following transactions with its designated members:

Related Party	Sales	Purchases	Amounts	Amounts	Sales	Purchases	Amounts	Amounts
	2018	2018	due from	due to	2016	2016	due from	due to
	£'000	£'000	2018	2018	£'000	£'000	2016	2016
			£'000	£'000			£'000	£'000
Serco Limited*	71	7,058	-	-	3	6,885	3	4,000
Glasgow City Council	66,728	23,624	2,774	4,632	51,290	19,182	1,848	2,405
<b>Total</b>	<b>66,799</b>	<b>30,682</b>	<b>2,774</b>	<b>4,632</b>	<b>51,293</b>	<b>26,067</b>	<b>1,851</b>	<b>6,405</b>

\* Serco was a related party until 30 November 2017 and therefore only transactions until the 30 November 2017 are disclosed within this note.

Sales of goods and services to related parties were made at the LLP's usual selling prices. Purchases were made at market prices and include the management charge. The amounts outstanding are unsecured and will be settled in cash.

## SERVICE GLASGOW LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 15 month period ended 31 March 2018

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#### 16. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the Members and key management personnel is set out below in aggregate for each of the categories specified in *IAS 24 Related Party Disclosures*.

	<b>15 month Period ended 31 March 2018 £'000</b>	Year ended 31 December 2016 £'000
Short term employee benefits	<u>566</u>	<u>615</u>

Included in the above amount are contributions to defined contribution pension plans for key management personnel of £35,648 (2016: £65,687).

#### 17. CONTROLLING PARTY

On 30 November 2017, GCC LLP Investments Limited were appointed as a member of the LLP. GCC LLP Investments Limited is wholly owned by Glasgow City Council, which is also a designated member. In the opinion of the directors the single controlling party of the LLP is Glasgow City Council.

Serco Limited terminated their appointment as a member on 30 November 2017. The results to 30 November 2017 are consolidated into the financial statements of Serco Group plc. Copies may be obtained from Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY.

#### 18. POST BALANCE SHEET EVENT

The Service Agreement underpinning the Service Glasgow LLP ended on 31 March 2018 and it is the intention of the Members that the LLP will be wound up in a controlled manner following the settlement of all outstanding liabilities. Subsequent to the period end all Prepayments and Work in Progress balances were settled at carrying value by Glasgow City Council.