

Tricuro Support Limited  
Statement of Accounts  
2017-18  
Company No: 09536638

Tricuro



Tricuro is a Local  
Authority Trading  
Company wholly owned  
by Dorset,  
Bournemouth and  
Poole Local Authorities.



TUESDAY



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07/08/2018

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Tricuro Support Ltd Company Number 09536638

# **STRATEGIC REPORT**

## **Overview**

On 1 July 2015, Bournemouth Borough Council, Dorset County Council and the Borough of Poole, launched Tricuro. Tricuro is a group of two companies established under local authority trading company principles to take the transfer of the three authorities' supply-side Adult Social Services business, with staff transferring from each of the three authorities in order to provide care services.

Tricuro has two companies (a care company Tricuro Limited and a 'support function' company Tricuro Support Limited) managed by the same Board.

Tricuro Support Limited holds the contractual relationships with the three commissioning Councils, as well as the property leases and support services agreements with the two providing Councils.

Tricuro Limited employs all the staff and is registered with CQC as the provider, and provides all the care requirements to service users.

Each authority owns one ordinary share in Tricuro Support Limited, which in turn owns 100% of the equity of Tricuro Limited. Tricuro's turnover in 2017-18 was £41.4m (the year to 31 March 2017 saw the group turnover £41.5m). A shareholder agreement regulates the way in which the three councils manage Tricuro, including a profit /cost sharing agreement. Dorset County Council is contracted to provide support services to Tricuro for three years until 30 June 2018, which are in the process of being renewed as all councils in Dorset are involved in Local Government Reorganisation. This takes effect from 1 April 2019 which will result in Tricuro having two shareholders instead of three. The value of this contract was £1.05m for the period to 31 March 2018. Bournemouth Borough Council also provides certain support services to the company. The cost of this was £870k for the period to 31 March 2018.

All shareholders treat Tricuro as a joint venture in their financial statements.

Tricuro has the following main areas of service delivery.

- Residential Care Homes - 6 homes providing residential care for older people, 1 home providing residential and nursing care for older people and 2 homes providing residential care for people with a learning disability.
- Reablement, providing short term support for up to six weeks, enabling people to regain and maximise daily living skills and independence in their own homes and one home providing intermediate care services.
- Day opportunities and other services provide a range of services with identified support needs (older people, dementia, learning disability, mental health, physical disability).

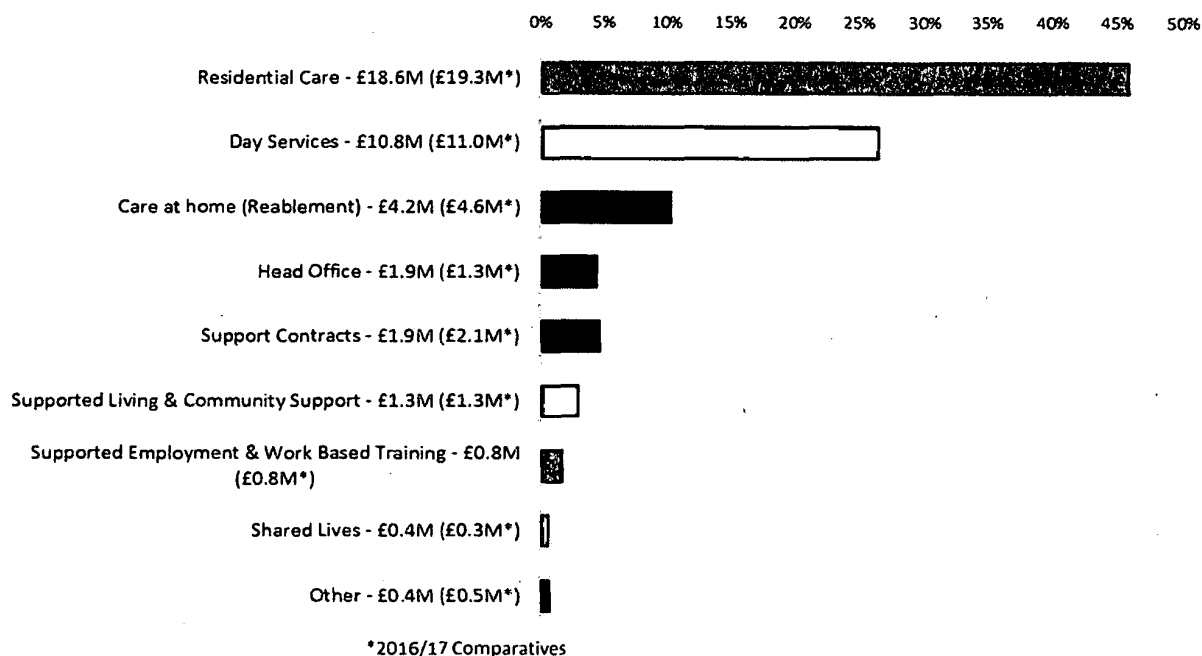
## **Strategic Vision**

Tricuro will utilise its competent, capable and flexible workforce, combining innovation and technology to enhance its service offer. Tricuro will develop and deliver services that focus on the delivery of complex care, challenging behaviours and end of life care. Tricuro will develop strategic partnerships and align services to deliver key health and social care services across Dorset, this will include a focus on prevention and wellbeing.

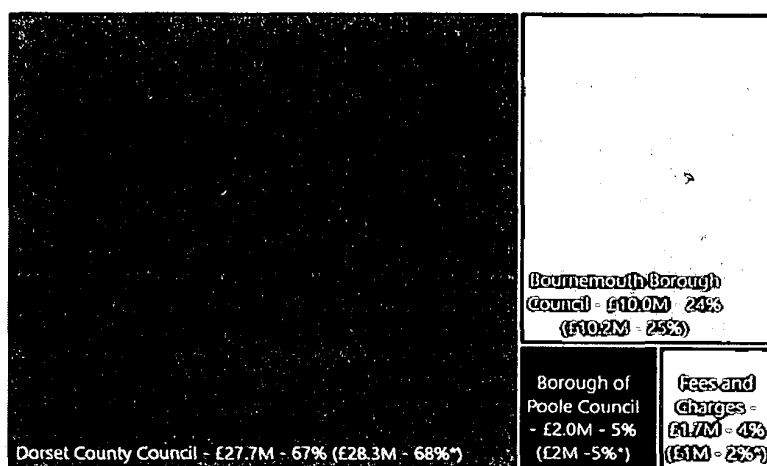
The following charts show spend on services and the source of income in 2017-18.

## STRATEGIC REPORT

### Expenditure 2017/18 - Total £40.4M



### Income - Total £41.4M



### Key Performance Indicators

The directors monitor the performance of the Company utilising a balanced scorecard. A range of "Key Performance Indicators" (KPI's) including activity levels, employee absenteeism and quality measures against care standards are measured through this process, these include Financial KPI's e.g. cost per bed and cost per day session. The company has a Quality Assurance Committee which looks at a range of information from various sources to ensure the delivery of high quality services.

## **STRATEGIC REPORT**

The Quality Assurance Framework includes client feedback, staff voices, views from a Carer representative who is a member of the Committee, qualitative data from KPI's and CQC inspections and peer review reports.

The key performance indicators for the period ended 31 March 2018 together with comparatives for the year ended 31 March 2017 are as follows:

	2017-18	2016-17
Group Revenue (£)	41,405,438	41,516,557
Gross profit (£)	10,372,298	9,592,370
Gross margin	25.05%	23.10%
Net profit before taxation (£)	1,191,422	388,269
Net margin	2.88%	0.94%
Average employee numbers	1,521	1,520

Group revenue has seen a 0.27% reduction in 2017-18. This was in part due to a pre-agreed 1% reduction in the block contracts with our three shareholders together with some specific saving targets in some services. These reductions were mitigated by strong growth in new care services to private clients. Tricuro started to trade outside of its block contracts in November 2016 after agreement from our shareholders. The budget for expected new sales in 2017-18 was £507k and the final outturn was £926k, far exceeding expectations.

Group profits have increased in 2017-18, gross profit by 2% and net profit by 200%. This has been due to sizable cost control measures and significant overachievement on budgeted new private sales income. Despite having to deal with significant costs pressures such as 1% increase in the national pay award, a slight increase to the LGPS pension contribution rate, staff increments, the introduction of the Apprenticeship Levy and general inflation placed an additional £1m cost pressure on the group. Tricuro still has been able to absorb these costs and was able to return a healthy profit whilst still meeting contractual obligations, shareholder expectations and provide high quality care services.

### **Risks and Uncertainty**

The principal risk facing the Company is the requirement at all times to ensure the delivery of safe and compliant services and the associated reputational risk if the company fails to safeguard and provide high quality services to its customers. This risk is mitigated through maintaining high standard robust policies and procedures, developing strong relationships with customers and ensuring continuous investment in staff development through internally and externally provided training.

The principal uncertainty facing the Company is the continuation of austerity measures and the impacting reduction in public sector funding particularly in adult social care. The Company is reliant on the local authorities for the majority of its income. This uncertainty will be managed through maintaining strong relationships with local health and social care bodies and seeking to diversify income streams through investment in growth areas.

During 2018-19 Tricuro will be continuing to build a network of customers, suppliers and potential partners in Social Care. Tricuro is able to demonstrate financial stability due to Bournemouth Borough Council, Dorset County Council and Borough of Poole being our shareholders as well as our major customers. This demonstrates a low risk as our shareholders fully support Tricuro.

Given the challenges of a cash standstill budget in 2016-17, the company had to absorb unavoidable cost pressures of £1.3m. One significant area of change was the implementation

## **STRATEGIC REPORT**

of the revised terms and conditions for all staff. This change took effect after significant consultation on 10 March 2017, which reduced the weekend enhancements for employees on 'Dorset' terms and conditions from time and half to time and a quarter and bank holiday payments from triple time to double time for 5 out of the 8 bank holidays. There has been a challenge to this change from Unison and there was a scheduled employment tribunal hearing in June 2018, however this has now been settled prior to the hearing taking place.

The effect of Brexit is likely to be minimal for Tricuro. Tricuro does not trade directly with Europe so it should have no direct effect on our revenue. Brexit may have a slight impact on our ability to recruit dependent on the final agreements over free movement of employees from Europe. The care industry is typically a large recruiter of European workers and any reduction in the "pool" of workers available may see pressure put on our ability to recruit or increase the cost of agency staff.

### **Pensions**

Tricuro participates in the Dorset County Pension Fund, the administering authority for the Fund is Dorset County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority.

Employer contribution rates are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The last actuarial valuation of the Fund was carried out as at 31 March 2016 and set contribution rates for the period from 1 April 2017 to 31 March 2020. Tricuro is not responsible for any past pension deficits that emerge, their contributions will either be fixed or set to be equal to the cost of future benefits. In 2016-17 Tricuro's employer contribution rate was 17.2%. The rate determined by the actuary in 2017-18 for the next period to 2020 is 17.7%.

### **Going Concern**

The accounts have been prepared on a going concern basis and it is the belief of the Board that the Company will continue to operate as a going concern given the majority of its income is from our shareholders and the quality of our services are good.

This strategic report is only part of the company's annual accounts and a copy of these accounts and annual report are available on the Tricuro website [www.tricuro.co.uk](http://www.tricuro.co.uk)

The annual accounts were unqualified and under Companies Act 2006 section 496 this strategic report and directors' report were consistent with the accounts.

By order of the Board



Phil Rook  
Finance Director  
Tricuro Support Limited  
Beech House  
28-30 Wimborne Road  
Poole  
Dorset BH15 2BU

19 July 2018

## **DIRECTORS' REPORT**

### **Principal activities**

The directors present the annual report and audited financial statements for Tricuro Support Limited (the "Company") for the period from 1 April 2017 to 31 March 2018.

The Company was incorporated on 10 April 2015 and commenced trading on 1 July 2015. The Company is a Local Authority Trading Company with 100% of share capital owned by Bournemouth Borough Council, Dorset County Council and the Borough of Poole. The Company is principally engaged in the provision of social care services for vulnerable adults across Dorset, Bournemouth and Poole.

### **Results**

Group Profit after tax for the period amounted to £963,136. The directors do not recommend a payment of a dividend. In 2016-17 profit amounted to £314,498. Dividends £nil.

### **Directors**

The directors who held office during the period and up to the date of signing these financial statements were as follows:

Colin Dennis (Chairman)	Alison Waller (Managing Director)
Phil Rook (Finance Director)	Sue Ladbroke (HR Director)
Alan Bulloch (Non-Executive Director - Chair of Audit, Risk and Governance Committee)	
Andrea Peacock (Non-Executive Director – Chair of Remuneration Committee)	
Jane Pike (Non-Executive Director – Chair of Quality Assurance Committee)	

### **Employee Involvement and Disabled Employees**

The company continues to keep employees informed of matters affecting them and the financial and economic factors affecting the performance of the company. This is achieved through consultations and regular newsletters. Applications for employment by disabled persons are given full and fair consideration. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the group may continue. It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

### **Political contributions**

Neither the Company nor its subsidiary made any political donations or incurred any political expenditure during the period.

### **Other Information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 2 – 5.

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and directors have taken all the steps that they ought to have taken as a director 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.

By order of the Board



Phil Rook  
Finance Director - 19 July 2018

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company'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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. 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 group and to prevent and detect fraud and other irregularities.

By order of the Board



Phil Rook  
Finance Director

19 July 2018



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRICURO SUPPORT LIMITED**

### **Opinion**

We have audited the financial statements of Tricuro Support Limited ("the company") for the year ended 31 March 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 group 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.

### **Going Concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRICURO SUPPORT LIMITED**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors 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 group and parent company'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 group or the parent company 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Rees Batley**  
**Senior Statutory Auditor**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Gateway House  
Tollgate  
Chandler's Ford  
SO53 3TG

<b>Profit and Loss Account and Other Comprehensive Income</b> for the period from 1 April 2017 to 31 March 2018			
		<b>2016-17 Group</b>	<b>2017-18 Group</b>
	<b>Note</b>		
		<b>£</b>	<b>£</b>
<b>Turnover</b>	2	41,516,557	41,405,438
Cost of sales		(31,924,187)	(31,033,140)
<b>Gross profit</b>		<b>9,592,370</b>	<b>10,372,298</b>
Other operating expenses		(9,221,537)	(9,185,474)
<b>Operating (loss) / profit</b>		<b>370,834</b>	<b>1,186,824</b>
Interest Receivable	9	17,435	4,598
<b>Profit before taxation</b>		<b>388,269</b>	<b>1,191,422</b>
Tax on profit on ordinary activities	10	(73,771)	(228,286)
<b>Profit for the period</b>		<b>314,498</b>	<b>963,136</b>
<b>Other Comprehensive Income</b>		-	-
<b>Total Comprehensive income for the period</b>		<b>314,498</b>	<b>963,136</b>

[illegible]

Consolidated Statement of Changes in Equity for the period from 1 April 2017 to 31 March 2018						
	Called up Share Capital	Group Retained Earnings	Total equity	Called up Share Capital	Company Retained Earnings	Total equity
	£	£	£	£	£	£
Balance at 1 April 2017	3	316,491	316,494	3	316,491	316,494
<b>Total comprehensive income for the period</b>						
Profit	-	963,136	963,136	-	963,136	963,136
Issue of Shares	-	-	-	-	-	-
<b>Balance at 31 March 2018</b>	<b>3</b>	<b>1,279,627</b>	<b>1,279,630</b>	<b>3</b>	<b>1,279,627</b>	<b>1,279,630</b>

Consolidated Statement of Changes in Equity for the period from 1 April 2016 to 31 March 2017						
	Called up Share Capital	Group Retained Earnings	Total equity	Called up Share Capital	Company Retained Earnings	Total equity
	£	£	£	£	£	£
Balance at 1 April 2016	3	1,993	1,996	3	1,993	1,996
<b>Total comprehensive income for the period</b>						
Profit	-	314,498	314,498	-	314,498	314,498
Issue of Shares	-	-	-	-	-	-
<b>Balance at 31 March 2017</b>	<b>3</b>	<b>316,491</b>	<b>316,494</b>	<b>3</b>	<b>316,491</b>	<b>316,494</b>

<b>Consolidated Cash flow Statement</b> for the period from 1 April 2017 to 31 March 2018		
	<b>Group 2016-17 £</b>	<b>Group 2017-18 £</b>
<b>Cash flows from operating activities</b>		
Profit for the period	314,498	963,136
Adjustments for:		
Interest receivable and similar income	(17,435)	(4,598)
Taxation	73,771	228,286
(Increase) / Decrease in trade and other debtors	769,363	180,146
Increase / (Decrease) in trade and other creditors	(602,646)	1,471,133
Increase in provisions and employee benefits	4,243	1,783
Tax Paid	-	-
<b>Net cash from operating activities</b>	<b>541,794</b>	<b>2,839,866</b>
<b>Investing activities</b>		
Interest received	17,435	4,598
<b>Net cash from investing activities</b>	<b>17,435</b>	<b>4,598</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of share capital	-	-
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>559,229</b>	<b>2,844,464</b>
Cash and Cash equivalents at start of the period	3,441,251	4,000,480
<b>Cash and Cash equivalents at the end of the period</b>	<b>4,000,480</b>	<b>6,844,964</b>

# **1. STATEMENT OF ACCOUNTING POLICES**

## **1. Introduction**

Tricuro Support Ltd is a company limited by shares and incorporated and domiciled in the UK.

These Group and parent company 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 presentation currency of these financial statements is sterling. All activities commenced this financial year.

## **2. Accounting Policies**

The parent company is included in the consolidated financial statements, and is a qualifying entity under FRS 102 paragraphs, 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied.

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- Certain disclosures required by FRS 102.26 Share Based Payments;
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.
- The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

## **3. Going Concern**

The Company's main contracts are with Bournemouth Borough Council, Dorset County Council and the Borough of Poole and runs to 30 June 2020. Following assurances from the three councils that they remain supportive of the Company in order to build a sustainable future, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

## **4. Basis of consolidation**

The Company is deemed to have control over Tricuro Limited which is classified as a wholly owned subsidiary. The companies have a shared Board and shared management team; both companies trade as 'Tricuro' and the

Company is exposed to variable returns and has the power to influence those returns.

The consolidated financial statements present the results of the Company and its subsidiary ("the Group") as if they formed a single entity using the acquisition method. Intercompany transactions and balances between group companies have been eliminated in full. The assets and liabilities are recognised at cost (or fair value if materially different) in the Consolidated Balance Sheet. The Group accounting policies are identical to those of Tricuro Support Ltd. Notes to the accounts are presented for the Group only where materially different from the single entity accounts. Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

## **5. Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

## **6. Financial Instruments**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

## **7. Government Grants**

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

## **8. Share Capital**

The Company's ordinary shares are classified as equity instrument.

## **1. STATEMENT OF ACCOUNTING POLICES**

### **9. Employee Benefits**

#### **Benefits payable during employment**

Short-term employee benefits are those due to be settled within 12 months of the period-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense in the year in which employees render service to the Company.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial period.

#### **Post-employment benefits**

Tricuro Ltd is an admitted body within the Local Government Pension Scheme, a defined benefit scheme administered by Dorset County Council.

#### **Defined benefit plans**

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013, is contracted out of the State Second Pension and currently provides benefits based on career average revalued salary and length of service on retirement.

Tricuro's pensions are accounted for as defined contribution plans under which Tricuro pays fixed contributions into the Dorset County Pension Fund. Tricuro has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

### **10. Expenses**

#### **Operating lease**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

### **11. Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is

probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

### **12. Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

### **13. Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

In the application of Tricuro's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **14. Key Sources of Estimation Uncertainty**

The main assumption concerning the future, and other key sources of estimation uncertainty at the Balance Sheet date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

**Provisions:** Provisions are made for known about 'live cases' which are still ongoing under the review and appeal processes. Provisions are made based on a list of the known cases as at 31 March each year.

**Other:** All other key sources of estimation and uncertainty are disclosed as appropriate within the notes to the Financial Statements



**NOTES: Forming part of the financial statements**

**2. TURNOVER (All within the UK)**

	Group 2016-17	Group 2017-18
	£	£
Income for the period	41,516,557	41,405,438
	<b>41,516,557</b>	<b>41,405,438</b>

**3. SEGMENTAL REPORTING**

Tricuro has the following main divisions:

Residential Care Homes - 6 homes providing residential care for older people, 1 home providing residential and nursing care for older people and 2 homes providing residential care for people with a learning disability.

Reablement, providing short term support up to six weeks, enabling people to regain and maximise daily living skills and independence in their own home and one home providing intermediate care services.

Day opportunities and other services provide a range of services with identified support needs (older people, dementia, learning disability, mental health, physical disabilities).

Corporate Running Costs - central support team assisting operational, financial activities for Tricuro and support services charges from Dorset County Council and Bournemouth Borough Council.

Operating segments across the Group are combined for the internal reporting provided to the Board. As a result the group position is only presented to the Tricuro Board.

	2016-17	2017-18
	£	£
<b>Income</b>		
Block Contract Income from Shareholders	40,532,400	39,650,448
Private Care Sales	70,932	926,348
Non-care sales/other income	913,225	828,642
	<b>41,516,557</b>	<b>41,405,438</b>
	2016-17	2017-18
	£	£
<b>Net Expenditure per Division</b>		
Residential Care Homes	4,878,041	5,264,166
Reablement and Intermediate Care	649,621	429,764
Day Opportunities and other services	3,049,531	3,017,315
Central Support Costs	2,456,567	2,437,845
Staffing represented by net cost of Tricuro Ltd	30,073,851	29,056,170
	<b>41,107,611</b>	<b>40,205,260</b>
Interest Income	(14,564)	(4,061)
	<b>41,093,047</b>	<b>40,201,199</b>

**4. AUDIT FEES**

Fees payable to the Tricuro's external auditor relating to the period of account are as follows. These fees cover the Group which is both Tricuro Support Ltd and Tricuro Ltd.

	2016-17	2017-18
	£	£
External Audit Services	29,000	29,800
Tax Compliance Services	5,750	5,750
	<b>34,750</b>	<b>35,550</b>

**5. STAFF NUMBERS**

The average number of persons employed by the group during the period was

	2016-17	2017-18
Management	18	24
Residential Home Staff	701	568
Reablement	269	252
Other Frontline Staff	532	677
	<b>1,520</b>	<b>1,521</b>

**6. REMUNERATION**

An interim Managing Director was paid by invoice up to August 2016 before the permanent post holder was appointed and paid through payroll. The Finance Director was appointed on a permanent basis from 1 March 2016. The HR Director was appointed on 16 January 2017. The Independent Chair was appointed on 1 November 2015 and two of the Non Executive Directors on 1 December 2015 with a third member appointed to the board on 1 November 2016.

2016-17 Post Holder Information	Salary £	Pensions Contributions £	ER'sNI £	By invoice (gross pay) £	Total Remuneration £
Managing Director to 4 August 2016	-	-	-	50,700	50,700
Managing Director from 1 August 2016	66,667	-	8,425	-	75,092
Finance Director	80,800	13,897	10,031	-	104,728
HR Director from 16 January 2017	19,854	-	2,288	-	22,142
Independent Chair	10,000	-	575	-	10,575
Non Executive Director	3,187	-	68	-	3,255
Non Executive Director	2,000	-	-	-	2,000
Non Executive Director from 1 November 2016	833	-	-	-	833
	<b>183,341</b>	<b>13,897</b>	<b>21,387</b>	<b>50,700</b>	<b>269,325</b>

The Finance Director was the highest individually paid Director during 2016/17, paid £80,800 for the period from 1 April 2016 to 31 March 2017. The Finance Director is the only Director who is a member of the Local Government Pension Scheme. The company paid £13,897 in employer pension contributions which is at the company LGPS rate of 17.2%.

2017-18 Post Holder Information	Salary £	Pensions Contributions £	ER'sNI £	By invoice (gross pay) £	Total Remuneration £
Managing Director	100,000	-	12,673	-	112,673
Finance Director	80,800	14,302	10,024	-	105,126
HR Director	66,000	1,210	7,981	-	75,191
Independent Chair	10,000	-	254	-	10,254
Non Executive Director	2,750	-	-	-	2,750
Non Executive Director	2,000	-	-	-	2,000
Non Executive Director	2,000	-	-	-	2,000
	<b>263,550</b>	<b>15,512</b>	<b>30,932</b>	<b>-</b>	<b>309,994</b>

The Managing Director was the highest individually paid Director during 2017/18, paid £100,000 for the period from 1 April 2017 to 31 March 2018. The Finance Director is the only Director who is a member of the Local Government Pension Scheme. The company paid £14,302 in employer pension contributions which is at the company LGPS rate of 17.7%. The HR Director is in the Blue Sky Pension Scheme employer contribution is 2%.

#### 7. EMPLOYEE EXPENSES

An analysis of employee expenses incurred by Tricuro is shown below.

	2016-17	
	Tricuro Group £	Tricuro Support Ltd £
Wages and Salaries	24,390,250	-
Social Security contributions and similar taxes	1,689,062	-
Expenses related to defined benefit plans	3,544,518	-
Direct Agency costs	886,021	886,021
Staff related expenses	592,513	104,378
	<b>31,102,364</b>	<b>990,399</b>

	2017-18	
	Tricuro Group £	Tricuro Support Ltd £
Wages and Salaries	23,657,069	-
Social Security contributions and similar taxes	1,633,196	-
Expenses related to defined benefit plans	3,224,304	-
Direct Agency costs	1,134,833	1,134,833
Staff related expenses	661,370	106,417
	<b>30,310,772</b>	<b>1,241,250</b>

#### 8. OPERATING LEASES

The following amounts were paid/are payable under lease agreements:

	2016-17 £	Actual 2017-18 £	Leases expiring within one year £	Leases expiring after one year but less than five years £	Leases expiring after more than five years £
Operating leases - property	4,240,000	4,097,000	4,084,000	5,050,000	-
All leases	<b>4,240,000</b>	<b>4,097,000</b>	<b>4,084,000</b>	<b>5,050,000</b>	<b>-</b>

Operating leases above include the following arrangements with Bournemouth Borough Council, Dorset County Council, Borough of Poole and Poole Housing Partnership:

	Leases expiring within one year £	Leases expiring after one year but less than five years £	Leases expiring after more than five years £
Dorset Operating leases - property	3,215,000	4,025,000	-
Bournemouth Operating leases - property	605,000	695,000	-
Poole Operating leases - property	216,000	270,000	-
Poole Housing Partnership - Tricuro HQ	27,000	33,000	-
Other leases	21,000	27,000	-
	<b>4,084,000</b>	<b>5,050,000</b>	<b>-</b>

## 9. INTEREST RECEIVABLE

An analysis of interest received during the period by Tricuro Support Ltd is shown below.

	2016-17	2017-18
	£	£
Bank Interest	17,435	4,598
	<b>17,435</b>	<b>4,598</b>

## 10. TAXATION

Tax Charge Per Accounts	2016-17	2017-18
	£	£
<b>Analysis of tax recognised in Profit and Loss Account</b>		
Current tax		
UK corporation tax at 20.00%	73,771	228,286
Deferred Tax		
Origination and reversal of timing differences	-	-
Total deferred tax charge	-	-
Tax on profit on ordinary activities	73,771	228,286
<b>Tax relating to other comprehensive income</b>		
Origination and reversal of timing differences	-	-
Tax relating to other comprehensive income	-	-

Corporation Tax Payable	£	£
Profit for the period	314,498	963,136
Total tax expense	73,771	228,286
Profit excluding taxation	388,269	1,191,422
Tax using the UK corporation tax rate of (20% 2017/19% 2018)	77,654	226,370
Effects of:		
Expenses not deductible for tax purposes	-	-
Capital allowances in excess of depreciation	-	-
- capital allowances for the period	-	-
Other fixed asset differences, adjustments & movements	-	-
- Other fixed asset timing differences movements (excluding CAs & depreciation above)	-	-
Other Differences	(3,883)	1,916
Total tax expense included in profit or loss	73,771	228,286

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

## 11. RETIREMENT BENEFITS

Tricuro staff are members of the LGPS pension scheme. This is a defined benefit scheme providing members with benefits related to pay and length of service. The scheme is as follows: -

The Local Government Pension Scheme (LGPS) for Tricuro staff, is administered by Dorset County Council. This is a funded scheme, meaning that Tricuro and the employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The scheme is only open to employees that transferred from Dorset County Council, Bournemouth Borough Council and Poole Borough Council. A new scheme has been introduced from 2016/17 for new employees not eligible to join the LGPS.

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013, is contracted out of the State Second Pension and currently provides benefits based on career average revalued salary and length of service on retirement.

The administering authority for the Fund is Dorset County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

As administering authority to the Fund, Dorset County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investment Principles. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The actuarial valuation of the Fund was carried out as at 31 March 2016 and determined contributions for the period from 1 April 2017 to 31 March 2020. Tricuro's pensions are accounted for as defined contribution plans under which Tricuro pays fixed contributions into the Dorset County Pension Fund. Tricuro has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurer, together with investment returns arising from the contributions. The defined benefit pension liability is therefore held on the balance sheets of the shareholders of Tricuro.

## 12. DEBTORS

An analysis of amounts due to Tricuro or paid in advance is shown below

2016-17		2017-18	
Tricuro Group	Tricuro Support Ltd	Tricuro Group	Tricuro Support Ltd
£	£	£	£
498,903	413,035	329,290	303,813
-	-	-	-
28,251	27,786	17,718	20,491
<b>527,154</b>	<b>440,821</b>	<b>347,008</b>	<b>324,304</b>

## 13. CASH AND CASH EQUIVALENTS

An analysis of cash and cash equivalents for Tricuro is shown below.

2016-17		2017-18	
Tricuro Group	Tricuro Support Ltd	Tricuro Group	Tricuro Support Ltd
£	£	£	£
4,000,480	3,539,647	6,844,964	6,553,626
<b>4,000,480</b>	<b>3,539,647</b>	<b>6,844,964</b>	<b>6,553,626</b>

## 14. CREDITORS

An analysis of amounts due by Tricuro or received in advance is shown below.

2016-17		2017-18	
Tricuro Group	Tricuro Support Ltd	Tricuro Group	Tricuro Support Ltd
£	£	£	£
(3,220,042)	(2,672,822)	(4,338,443)	(3,601,368)
-	-	-	(406,170)
(26,521)	(26,521)	(28,404)	(28,404)
(943,930)	(964,631)	(1,523,065)	(1,562,358)
<b>(4,190,493)</b>	<b>(3,663,974)</b>	<b>(5,889,912)</b>	<b>(5,598,300)</b>

Deferred income relates to Grant money received where the income will be recognised in line with the associated expenditure as part of a project funded by Wessex Academic Health Science Network for nutritional screening in the community.

## 15. PROVISIONS

An analysis of provisions made during the period by Tricuro Ltd is shown below. These relate to salary overpayments.

	Tricuro Group 2016-17	Tricuro Group 2017-18
	£	£
Balance as at 1 April	16,404	20,647
Current period provision	4,243	1,783
Balance at 31 March	<b>20,647</b>	<b>22,430</b>

## 16. CALLED UP SHARE CAPITAL

	£
As at 31 March 2017 and 31 March 2018	
3 ordinary shares of £ 1 each owned by: Bournemouth Borough Council, Dorset County Council and the Borough of Poole	<b>3</b>

# 17. RETAINED EARNINGS

Analysis of the retained earnings for the period are as follows:

	2016-17	2017-18
	£	£
As at 1 April	1,993	316,491
Profit for the year	314,498	963,136
Balance as at 31 March	<u>316,491</u>	<u>1,279,627</u>

# 18. RELATED PARTIES

The income received in 2016/17 has been from Bournemouth Borough Council, Dorset County Council and the Borough of Poole who jointly own the Company. Tricuro have a care contract with each of its shareholders, details of the transactions in relation to each shareholder in the period are shown below. Details of property leases are shown in Note 8.

Group	Sales to	2016-17 Administrative and property expenses incurred from
	£	£
<i>Entities with control, joint control or significant influence</i>		
Dorset County Council	28,284,000	4,389,500
Bournemouth Borough Council	10,224,000	1,475,000
Borough of Poole	2,024,400	216,000
	<u>40,532,400</u>	<u>6,080,500</u>
	Receivables outstanding	Creditors outstanding
	£	£
<i>Entities with control, joint control or significant influence</i>		
Dorset County Council	314,608	(158,454)
Bournemouth Borough Council	28,332	(1,975,719)
Borough of Poole	30,383	(66,711)
	<u>373,323</u>	<u>(2,200,884)</u>

Company	Sales to	2016-17 Administrative and property expenses incurred from
	£	£
<i>Entities with control, joint control or significant influence</i>		
Dorset County Council	28,284,000	4,389,500
Bournemouth Borough Council	10,224,000	1,475,000
Borough of Poole	2,024,400	216,000
	<u>40,532,400</u>	<u>6,080,500</u>
	Receivables outstanding	Creditors outstanding
	£	£
<i>Entities with control, joint control or significant influence</i>		
Dorset County Council	314,508	(158,454)
Bournemouth Borough Council	28,332	(1,974,707)
Borough of Poole	30,383	(66,711)
Tricuro Ltd	-	(173,851)
	<u>373,223</u>	<u>(2,373,723)</u>

Group	Sales to	2017-18 Administrative and property expenses incurred from
	£	£
<i>Entities with control, joint control or significant influence</i>		
Dorset County Council	27,655,748	4,260,948
Bournemouth Borough Council	9,988,300	1,475,000
Borough of Poole	2,006,400	216,000
	<b>39,650,448</b>	<b>5,951,948</b>
	<b>Receivables outstanding</b>	<b>Creditors outstanding</b>
	£	£
<i>Entities with control, joint control or significant influence</i>		
Dorset County Council	152,220	(1,497,848)
Bournemouth Borough Council	1,335	(1,630,425)
Borough of Poole	13,042	(38,254)
	<b>166,597</b>	<b>(3,166,527)</b>

Company	Sales to	2017-18 Administrative and property expenses incurred from
	£	£
<i>Entities with control, joint control or significant influence</i>		
Dorset County Council	27,655,748	4,260,948
Bournemouth Borough Council	9,988,300	1,475,000
Borough of Poole	2,006,400	216,000
Tricuro Ltd	-	-
	<b>39,650,448</b>	<b>5,951,948</b>
	<b>Receivables outstanding</b>	<b>Creditors outstanding</b>
	£	£
<i>Entities with control, joint control or significant influence</i>		
Dorset County Council	152,120	(1,497,848)
Bournemouth Borough Council	1,335	(1,630,298)
Borough of Poole	13,042	(38,254)
Tricuro Ltd	-	(406,170)
	<b>166,497</b>	<b>(3,572,570)</b>

#### 19. ULTIMATE PARENT UNDERTAKINGS

The ultimate controlling parties are Bournemouth Borough Council, Dorset County Council and the Borough of Poole. Shares of the financial results of Tricuro are included in their respective financial statements. The addresses are: Bournemouth Borough Council Bourne Avenue Bournemouth Dorset, BH2 6DY, Dorset County Council, County Hall, Dorchester, Dorset, DT1 1XJ and Borough of Poole, Civic Centre, Poole, Dorset BH15 2RU.

The largest and smallest group in which the results of the Company are consolidated is that headed by Tricuro Support Limited, Beech House, 28-30 Wimborne Road, Poole, Dorset, BH15 2BU.