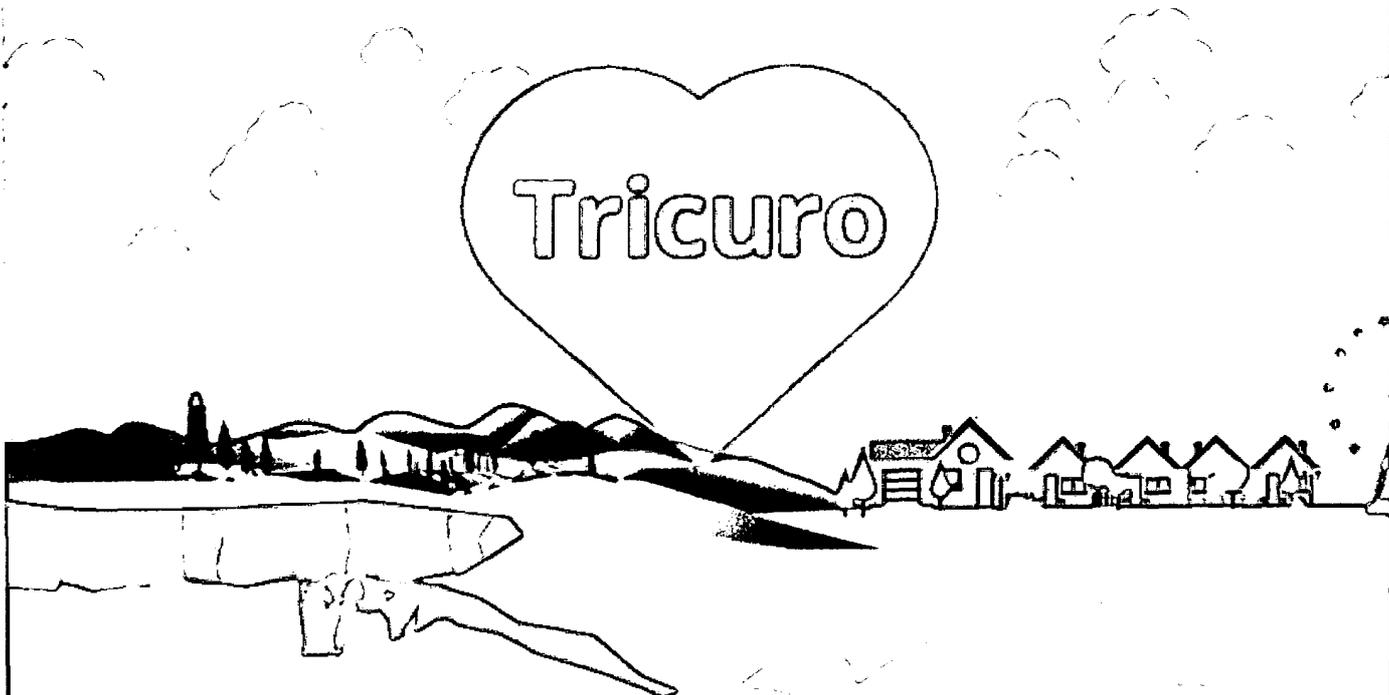


**Tricuro Support Limited
Statement of Accounts
2018-19
Company No: 09536638**



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



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Beech House
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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 2018-19 was £40.3m (the year to 31 March 2018 saw the group turnover £41.4m). 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, the value of this contract was £1.002m for the period to 31 March 2019. Bournemouth Borough Council also provides certain support services to the company. The cost of this was £862k for the period to 31 March 2019. All councils in Dorset are involved in Local Government Reorganisation (LGR). This change took effect from 1 April 2019 and resulted in Tricuro having two shareholders instead of three. All contracts and agreements have been novated to the new two unitary authorities under the structural change order which are Dorset Council and Bournemouth, Christchurch and Poole Council.

Tricuro has the following main areas of service delivery. All shareholders treat Tricuro as a joint venture in their respective financial statements in 2018-19.

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 with 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).

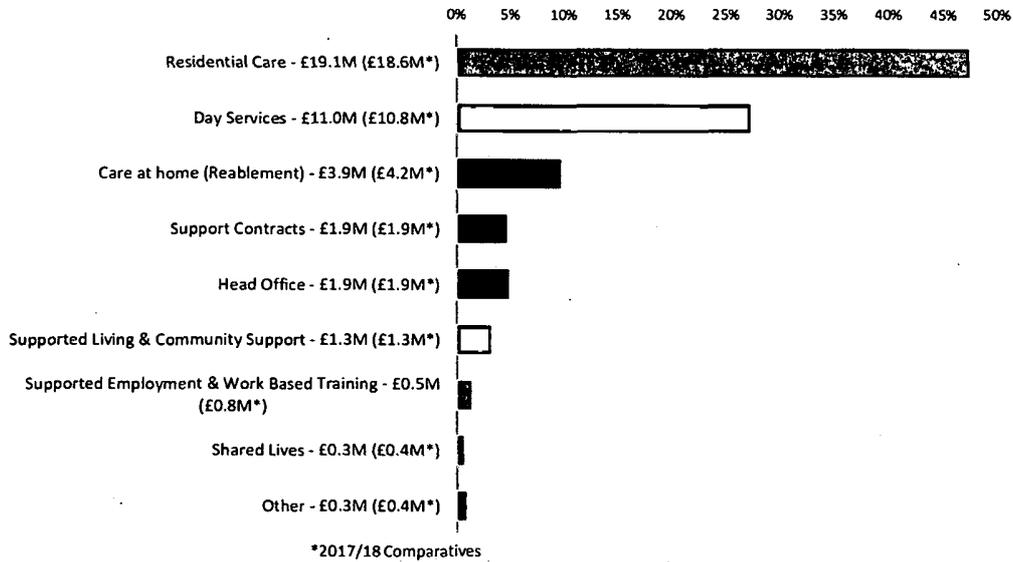
Strategic Vision

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.

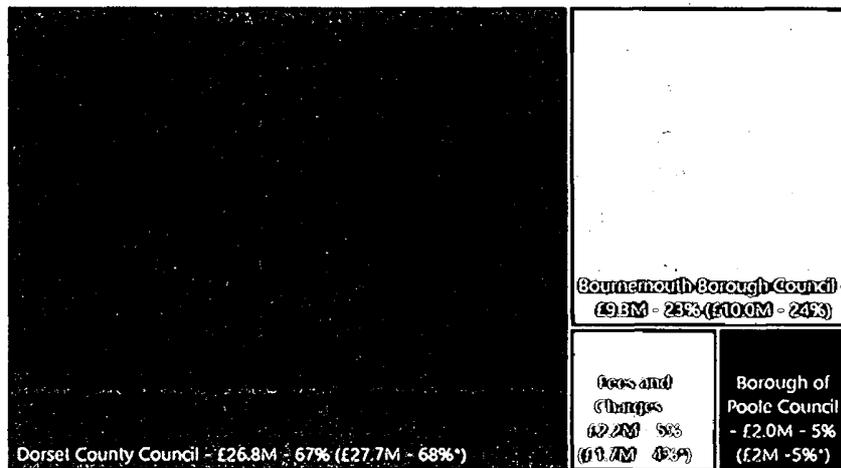
STRATEGIC REPORT

The following charts show spend on services and the source of income in 2018-19.

Expenditure 2018/19 - Total £40.2M



Income - Total £40.3M



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.

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.

STRATEGIC REPORT

The key performance indicators for the period ended 31 March 2019 together with comparatives for the year ended 31 March 2018 are as follows:

| | 2018-19 | 2017-18 |
|--------------------------------|------------|------------|
| Group Revenue (£) | 40,333,332 | 41,405,438 |
| Gross profit (£) | 9,770,763 | 10,372,298 |
| Gross margin | 24.23% | 25.05% |
| Net profit before taxation (£) | 197,691 | 1,191,422 |
| Net margin | 0.49% | 2.88% |
| Average employee numbers | 1,453 | 1,521 |

Group revenue has seen a 2.59% reduction in 2018-19. 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, in part, mitigated by continued 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 private sales in 2018-19 was £1.2M and the final outturn was £1.3M, an increase of £400k on 2017-18.

Group profits have decreased in 2018-19. Gross profit by 5.8% and net profit by 83%. This was expected as a large part of the 2017-18 profit was due to 'one off's' and Tricuro's main contractors (the three Local Authorities that also own Tricuro) faced severe funding pressures of their own limiting any agreed price increase with which to deal with the cost pressures incurred by Tricuro, such as the Greenbook pay award. Tricuro has been able to meet these funding pressures and 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. Following LGR negotiations have started with both of our shareholders regarding the renewal of the contracts, BCP are adding a new residential service to the contract in June 2019.

During 2019-20 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, Christchurch and Poole Council and Dorset Council being our shareholders as well as our major customers. This demonstrates a low risk as our shareholders fully support Tricuro.

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

STRATEGIC REPORT

"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. 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. Tricuro's cash position is healthy, our owners are also our major customers, we have an agreed block contract with both councils' and our contract income is paid monthly on a timely basis, therefore there is no issue for the company to pay its future creditors.

Both Councils are reviewing the value and quality of all its contracted services, including Tricuro, and will undertake review activity during 2019-20 to ensure appropriate negotiations with Tricuro on its portfolio of contracted services for the financial year 2020-21 and beyond.

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
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

11 June 2019

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 2018 to 31 March 2019.

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 £159,597. The directors do not recommend a payment of a dividend. In 2017-18 profit amounted to £963,136. 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) | Susan Ladbrook (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 – 11 June 2019

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

Registered Address
Beech House
28-30 Wimborne Road
Poole
Dorset
BH15 2BU

11 June 2019

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 2019 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 2019 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.

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

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

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or

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

ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

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.

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

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

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.

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

11 June 2019

| Profit and Loss Account and Other Comprehensive Income | | | |
|---|-------------|--------------------------|--------------------------|
| for the period from 1 April 2018 to 31 March 2019 | | | |
| <i>The accompanying notes form part of these financial statements</i> | | | |
| | Note | 2017-18 Group | 2018-19 Group |
| | | £ | £ |
| Turnover | 2 | 41,405,438 | 40,333,332 |
| Cost of sales | | (31,033,140) | (30,562,569) |
| Gross profit | | 10,372,298 | 9,770,763 |
| Other operating expenses | | (9,185,474) | (9,586,190) |
| Operating (loss) / profit | | 1,186,824 | 184,573 |
| Interest Receivable | 9 | 4,598 | 13,118 |
| Profit before taxation | | 1,191,422 | 197,691 |
| Tax on profit on ordinary activities | 10 | (228,286) | (38,094) |
| Profit for the period | | 963,136 | 159,597 |
| Other Comprehensive Income | | - | - |
| Total Comprehensive income for the period | | 963,136 | 159,597 |

| Consolidated Statement of Changes in Equity for the period from 1 April 2018 to 31 March 2019 <i>The accompanying notes form part of these financial statements</i> | | | | | | |
|--|------------------------------------|--|-------------------------|------------------------------------|--|-------------------------|
| | Called up Share Capital | Group Retained Earnings | Total equity | Called up Share Capital | Company Retained Earnings | Total equity |
| | £ | £ | £ | £ | £ | £ |
| Balance at 1 April 2018 | 3 | 1,279,627 | 1,279,630 | 3 | 1,279,627 | 1,279,630 |
| Total comprehensive income for the period | | | | | | |
| Profit | - | 159,597 | 159,597 | - | 159,597 | 159,597 |
| Issue of Shares | - | - | - | - | - | - |
| Balance at 31 March 2019 | <u>3</u> | <u>1,439,224</u> | <u>1,439,227</u> | <u>3</u> | <u>1,439,224</u> | <u>1,439,227</u> |

| 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 |
| Total comprehensive income for the period | | | | | | |
| Profit | - | 963,136 | 963,136 | - | 963,136 | 963,136 |
| Issue of Shares | - | - | - | - | - | - |
| Balance at 31 March 2018 | <u>3</u> | <u>1,279,627</u> | <u>1,279,630</u> | <u>3</u> | <u>1,279,627</u> | <u>1,279,630</u> |

Tricuro Support Ltd, Annual Report and Financial Statements for the period 1 April 2018 to 31 March 2019.

Company number: 09536638

| Consolidated Cash flow Statement | | |
|---|--------------------------------|--------------------------------|
| for the period from 1 April 2018 to 31 March 2019 | | |
| <i>The accompanying notes form part of these financial statements</i> | | |
| | Group 2017-18 £ | Group 2018-19 £ |
| Cash flows from operating activities | | |
| Profit for the period | 963,136 | 159,597 |
| Adjustments for: | | |
| Interest receivable and similar income | (4,598) | (13,118) |
| Taxation | 228,286 | 38,094 |
| (Increase) / Decrease in trade and other debtors | 180,146 | 221,078 |
| Increase / (Decrease) in trade and other creditors | 1,471,133 | (2,060,843) |
| Increase in provisions and employee benefits | 1,783 | (60) |
| Tax Paid | - | - |
| Net cash from operating activities | <u>2,839,886</u> | <u>(1,655,252)</u> |
| Investing activities | | |
| Interest received | 4,598 | 13,118 |
| Net cash from investing activities | <u>4,598</u> | <u>13,118</u> |
| Cash flows from financing activities | | |
| Proceeds from the issue of share capital | - | - |
| Net cash from financing activities | <u>-</u> | <u>-</u> |
| Net increase in cash and cash equivalents | 2,844,484 | (1,642,134) |
| Cash and Cash equivalents at start of the period | 4,000,480 | 6,844,964 |
| Cash and Cash equivalents at the end of the period | <u><u>6,844,964</u></u> | <u><u>5,202,830</u></u> |

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

In preparation of the financial statements, the Board have considered the overall financial position of Tricuro and the use of the going concern basis. The Board note that the main contracts are with Shareholders of Tricuro, with both contracts due to expire in June 2020. Both Shareholders are reviewing the value and quality of all its contracted services, including Tricuro, and will undertake review activity during 2019-20 to ensure appropriate negotiations with Tricuro on its portfolio of contracted services for the financial year 2020-21 and beyond. Tricuro retains a strong cash position of £5.2M and future forecasts demonstrate that Tricuro has sufficient resources to meet financial liabilities as they fall due. Based on the financial position and

ongoing review of the contracts with Shareholders, the Board believe 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

1. STATEMENT OF ACCOUNTING POLICES

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.

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 are assessed at the Balance Sheet date. There are no areas that are considered to be key sources of estimation and uncertainty within the current year. 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 2017-18 | Group 2018-19 |
|-----------------------|-------------------|-------------------|
| | £ | £ |
| Income for the period | 41,405,438 | 40,333,332 |
| | <u>41,405,438</u> | <u>40,333,332</u> |

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.

| | 2017-18 | 2018-19 |
|---|-------------------|-------------------|
| Income | £ | £ |
| Block Contract Income from Shareholders | 39,650,448 | 38,157,752 |
| Private Care Sales | 926,348 | 1,310,728 |
| Non-care sales/other income | 828,642 | 864,852 |
| | <u>41,405,438</u> | <u>40,333,332</u> |
| Net Expenditure per Division | £ | £ |
| Residential Care Homes | 5,264,166 | 5,193,362 |
| Reablement and Intermediate Care | 429,764 | 91,408 |
| Day Opportunities and other services | 3,017,315 | 3,122,720 |
| Central Support Costs | 2,437,845 | 2,370,421 |
| Staffing represented by net cost of Tricuro Ltd | 29,056,170 | 29,041,422 |
| | <u>40,205,260</u> | <u>39,819,333</u> |
| Interest Income | (4,061) | (10,996) |
| | <u>40,201,199</u> | <u>39,808,337</u> |

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.

| | 2017-18 | 2018-19 |
|-------------------------|---------------|---------------|
| | £ | £ |
| External Audit Services | 29,800 | 30,200 |
| Tax Compliance Services | 5,750 | 5,750 |
| | <u>35,550</u> | <u>35,950</u> |

5. STAFF NUMBERS

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

| | 2017-18 | 2018-19 |
|------------------------|--------------|--------------|
| Management | 24 | 24 |
| Residential Home Staff | 568 | 509 |
| Reablement | 252 | 231 |
| Other Frontline Staff | 677 | 689 |
| | <u>1,521</u> | <u>1,453</u> |

6. REMUNERATION

The Managing Director was appointed and 1 August 2016. 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. There have been no changes to the Board in 2018/19.

| 2017-18 Post Holder Information | Salary £ | Pensions | | ER'sNI £ | Total Remuneration £ |
|---------------------------------|----------------|--------------------|---------------|----------------|----------------------------|
| | | Contributions £ | | | |
| 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 | |
| | <u>263,550</u> | <u>15,512</u> | <u>30,932</u> | <u>309,994</u> | |

The Managing Director was the highest individually paid Director during 2017-18, paid £100,000 for the period from 1 April 2018 to 31 March 2019. 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%.

| 2018-19 Post Holder Information | Salary £ | Pensions Contributions £ | ER'sNI £ | Total Remuneration £ |
|---------------------------------|----------------|--------------------------------|---------------|----------------------------|
| Managing Director | 100,000 | - | 12,637 | 112,637 |
| Finance Director | 80,800 | 14,302 | 9,988 | 105,090 |
| HR Director | 69,870 | 1,397 | 8,480 | 79,747 |
| Independent Chair | 10,000 | - | 217 | 10,218 |
| Non Executive Director | 2,750 | - | 0 | 2,750 |
| Non Executive Director | 2,000 | - | - | 2,000 |
| Non Executive Director | 2,000 | - | - | 2,000 |
| | 267,420 | 15,699 | 31,322 | 314,442 |

The Managing Director was the highest individually paid Director during 2018-19, paid £100,000 for the period from 1 April 2018 to 31 March 2019. 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.

| | 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 |
| | 30,310,772 | 1,241,250 |

| | 2018-19 | |
|---|--------------------|-----------------------------|
| | Tricuro Group £ | Tricuro Support Ltd £ |
| Wages and Salaries | 23,664,768 | - |
| Social Security contributions and similar taxes | 1,625,446 | - |
| Expenses related to defined benefit plans | 2,940,246 | - |
| Direct Agency costs | 967,448 | 967,448 |
| Staff related expenses | 1,204,190 | 63,802 |
| | 30,402,098 | 1,031,250 |

8. OPERATING LEASES

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

| | 2017-18 £ | Actual 2018-19 £ | Leases expiring after one year but less than five years | | Leases expiring after more than five years £ |
|-----------------------------|------------------|------------------------|--|------------------|---|
| | | | Leases expiring within one year £ | £ | |
| Operating leases - property | 4,097,000 | 4,046,000 | 3,999,200 | 1,008,100 | - |
| All leases | 4,097,000 | 4,046,000 | 3,999,200 | 1,008,100 | - |

Operating leases above include the following arrangements with Bourne-mouth Borough Council, Dorset County Council, Borough of Poole and Poole Housing Partnership, following LGR on 1 April 2019 there will be two Unitary authorities in Dorset - Dorset Council and Bourne-mouth, Poole and Christchurch Council the lease will be novated as part of the structural change order:

| | Leases expiring within one year £ | Leases expiring after one year but less than five years £ | Leases expiring after more than five years £ |
|--|---|---|---|
| | | | |
| BCP Operating leases - property Previously BBC | 1,554,000 | 391,700 | - |
| Poole Operating leases - property now BCP | 0 | 0 | - |
| Poole Housing Partnership - Tricuro HQ | 27,000 | 5,500 | - |
| Other leases | 21,000 | 6,700 | - |
| | 3,999,200 | 1,008,100 | - |

9. INTEREST RECEIVABLE

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

| | 2017-18 | 2018-19 |
|---------------|--------------|---------------|
| | £ | £ |
| Bank Interest | 4,598 | 13,118 |
| | <u>4,598</u> | <u>13,118</u> |

10. TAXATION

| Tax Charge Per Accounts | 2017-18 | 2018-19 |
|--|----------------|---------------|
| | £ | £ |
| Analysis of tax recognised in Profit and Loss Account | | |
| Current tax | | |
| UK corporation tax at 19% | <u>228,286</u> | <u>38,094</u> |
| Deferred Tax | | |
| Origination and reversal of timing differences | - | - |
| Total deferred tax charge | <u>-</u> | <u>-</u> |
| Tax on profit on ordinary activities | <u>228,286</u> | <u>38,094</u> |
| Tax relating to other comprehensive income | | |
| Origination and reversal of timing differences | - | - |
| Tax relating to other comprehensive income | <u>-</u> | <u>-</u> |

| Corporation Tax Payable | £ | £ |
|---|------------------|----------------|
| Profit for the period | 963,136 | 159,597 |
| Total tax expense | <u>228,286</u> | <u>38,094</u> |
| Profit excluding taxation | <u>1,191,422</u> | <u>197,691</u> |
| Tax using the UK corporation tax rate of 19% | 226,370 | 37,561 |
| 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 | 1,916 | 533 |
| Total tax expense included in profit or loss | <u>228,286</u> | <u>38,094</u> |

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.

| 2017-18 | | | 2018-19 | |
|----------------|---------------------|---------------------------------|----------------|---------------------|
| Tricuro Group | Tricuro Support Ltd | | Tricuro Group | Tricuro Support Ltd |
| £ | £ | | £ | £ |
| 329,290 | 303,813 | Other Debtors | 112,881 | 88,879 |
| - | - | Tricuro Ltd (payable on demand) | - | - |
| 17,718 | 20,491 | Payments in Advance | 13,049 | 9,749 |
| 347,008 | 324,304 | | 125,930 | 98,628 |

13. CASH AND CASH EQUIVALENTS

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

| 2017-18 | | | 2018-19 | |
|------------------|---------------------|--------------------------|------------------|---------------------|
| Tricuro Group | Tricuro Support Ltd | | Tricuro Group | Tricuro Support Ltd |
| £ | £ | | £ | £ |
| 6,844,964 | 6,553,626 | Cash at Bank and in Hand | 5,202,830 | 4,940,578 |
| 6,844,964 | 6,553,626 | | 5,202,830 | 4,940,578 |

14. CREDITORS

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

| 2017-18 | | | 2018-19 | |
|--------------------|---------------------|---------------------------------|--------------------|---------------------|
| Tricuro Group | Tricuro Support Ltd | | Tricuro Group | Tricuro Support Ltd |
| £ | £ | | £ | £ |
| (4,338,443) | (3,601,368) | Other Creditors | (2,857,202) | (2,256,733) |
| - | (406,170) | Tricuro Ltd (payable on demand) | - | (278,422) |
| (28,404) | (28,404) | Deferred Income | (18,071) | (18,071) |
| (1,523,065) | (1,562,358) | HMRC | (991,890) | (1,046,753) |
| (5,889,912) | (5,598,300) | | (3,867,163) | (3,599,979) |

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 2017-18 | Tricuro Group 2018-19 |
|--------------------------|-----------------------|-----------------------|
| | £ | £ |
| Balance as at 1 April | 20,647 | 22,430 |
| Current period provision | 1,783 | (60) |
| Balance at 31 March | 22,430 | 22,370 |

16. CALLED UP SHARE CAPITAL

| | £ |
|---|----------|
| As at 31 March 2018 and 31 March 2019 | |
| 3 ordinary shares of £ 1 each owned by: Bournemouth Borough Council, Dorset County Council and the Borough of Poole | 3 |

17. RETAINED EARNINGS

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

| | 2017-18 | 2018-19 |
|------------------------|------------------|------------------|
| As at 1 April | £ 316,491 | £ 1,279,627 |
| Profit for the year | 963,136 | 159,597 |
| Balance as at 31 March | <u>1,279,627</u> | <u>1,439,224</u> |

18. RELATED PARTIES

The income received in 2018-19 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 | 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 | |
| | <u>39,650,448</u> | <u>5,951,948</u> | |
| | Receivables outstanding | Creditors outstanding | |
| | £ | £ | |
| <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) | |
| | <u>166,597</u> | <u>(3,166,527)</u> | |

| 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 | |
| | <u>39,650,448</u> | <u>5,951,948</u> | |
| | Receivables outstanding | Creditors outstanding | |
| | £ | £ | |
| <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) | |
| | <u>166,497</u> | <u>(3,572,570)</u> | |

| Group | 2018-19 | |
|--|--------------------------------|--|
| | Sales to | Administrative and property expenses incurred from |
| | £ | £ |
| Entities with control, joint control or significant influence | | |
| Dorset County Council | 26,845,692 | 4,182,569 |
| Bournemouth Borough Council | 9,303,860 | 1,416,400 |
| Borough of Poole | 2,008,200 | 216,000 |
| | 38,157,752 | 5,814,969 |
| | Receivables outstanding | Creditors outstanding |
| | £ | £ |
| Entities with control, joint control or significant influence | | |
| Dorset County Council | 27,479 | (1,225,387) |
| Bournemouth Borough Council | 19,188 | (531,557) |
| Borough of Poole | 10,882 | (58,822) |
| | 57,549 | (1,815,766) |

| Company | 2018-19 | |
|--|--------------------------------|--|
| | Sales to | Administrative and property expenses incurred from |
| | £ | £ |
| Entities with control, joint control or significant influence | | |
| Dorset County Council | 26,845,692 | 4,182,569 |
| Bournemouth Borough Council | 9,303,860 | 1,416,400 |
| Borough of Poole | 2,008,200 | 216,000 |
| Tricuro Ltd | - | - |
| | 38,157,752 | 5,814,969 |
| | Receivables outstanding | Creditors outstanding |
| | £ | £ |
| Entities with control, joint control or significant influence | | |
| Dorset County Council | 27,379 | (1,225,387) |
| Bournemouth Borough Council | 17,598 | (531,325) |
| Borough of Poole | 10,882 | (58,822) |
| Tricuro Ltd | - | (278,422) |
| | 55,859 | (2,093,956) |

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.