

CITY BUILDING (CONTRACTS) LLP

Members' Report and Financial
Statements

Registered number: SO301080
For the Year ended 31 March 2020

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MEMBERS' ACTIVITY

The members present their report and audited financial statements for the year ended 31 March 2020.

PRINCIPAL ACTIVITY

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

DESIGNATED MEMBERS

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

MEMBERS' CAPITAL

No distribution was made to the members for the year.

There was no movement on members' capital within the year. Current policy is not to make repayment of members' capital. No additional Members' contributions to capital were made and no cash drawings were made against Members' capital.

BUSINESS REVIEW

At a time of considerable economic, political and social change, City Building continues to take a truly unique approach- combining industry-leading performance with a central social ethos which helps set new, higher standards for responsible business practice.

In response to the requirement to continually deliver a top quality and efficient service to customers, a successful voluntary redundancy programme was managed and delivered during the year.

City Building (Contracts) LLP went into lockdown on 23 March 2020 due to the Covid-19 pandemic however due to the proximity to the financial year end there was minimal impact on the 2019/20 outturn.

FINANCIAL RESULTS FOR THE YEAR

The LLP continued to deliver strong results despite adverse economic pressures in certain elements of the market in which City Building operates. Turnover decreased to £65.2m (2019 - £87.9m). As a result we have achieved a £2.2m return to Glasgow City Council representing 3.4% of turnover. The undernoted table shows the comparison with 2019:

	2020	2019
	£000	£000
Loss for the year	(2,688)	(5,386)
Additional pensions costs	2,688	4,787
Discount to members	2,202	4,135
Underlying profit	2,202	3,536

The underlying profit reduced by £1,334k over 2019 mainly due to reduction in the level of work from Glasgow City Council's capital programme in the year, which was also the reason for the reduced turnover. City Building (Glasgow) LLP charged City Building (Contracts) LLP a Management Fee. For 2020 this Management Fee was a charge of £4.2m (2019 – £4.1m).

The net liabilities of City Building (Contracts) LLP at 31 March 2020 were £(16.7m) (2019 Restated – (£23.6m)). This is primarily a result of the net pension deficit of £(19.1m) (2019 - (£27.9m) in the Strathclyde Pension Fund (Local Government Pension Scheme). An actuarial gain of £11.4m (2019 – loss of £5.6m) was experienced during the year as a result of a changes in accounting assumptions.

The financial statements have been prepared on a going concern basis as, despite there being a substantial negative net worth as a result of the pension position, any shortfall within that area is guaranteed by Glasgow City Council and therefore the partnership has sufficient facilities to meet its future liabilities as they fall due, see Going Concern note, Note 1 of financial statements.

It is important to note that, whilst the net pension liability remains an identified risk for management, the net liability does not fall due in any one year. The LLP's immediate cash exposure is only in respect of the annual contributions. As stated above, any shortfall is itself guaranteed by Glasgow City Council to the Pension Scheme although this guarantee is only activated if City Building (Contracts) LLP fails in its obligations. The partnership currently meets all current annual contributions determined by the Scheme Trustees as requiring to be made to the pension fund.

The Strathclyde Pension Fund was subject to a triennial valuation as at 31 March 2020 which was to determine employer contribution levels from 1 April 2021. Currently these levels remain the same and while management acknowledges that the current pension liability could result in increased contribution levels at some time in the future, it does not consider that there is any major impact on the on-going business trading position.

ADMINISTRATIVE EXPENSES

These have reduced to £6,141k (2019 – £8,203k) partly due to reduced pension costs.

OUR VALUES

Our values drive our purpose of building a better society by using our commercial success to deliver socially inclusive practices, responsible business and fair working practices all contributing to positive economic growth.

City Building (Contracts) LLP is committed to “Building a Sustainable Future” for our clients, partners and employees. Through a constant engagement with our customers we ensure we have a detailed interpretation of their aspirations and needs.

Our mission is to contribute excellence in construction, repairs, maintenance, manufacturing and training to customers, our employees, suppliers and the local communities in which we work. To always give back to the communities is central to our core values.

Our unique social ethos will continue to underpin everything we do and will drive the creation of training and employment opportunities for a diverse range of people, including minority and other under-represented groups across Glasgow and beyond. We continue to be the country’s leading employer of female and BME construction apprentices and this is something which we are very proud of.

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

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

Excellence: to deliver quality in everything we do.

Honesty: to promote, at all times, honesty in our communication with all stakeholders, promoting partnerships and sustainability.

Ambition: to do more for our clients and partners and provide more opportunities for our employees and stakeholders as part of our change and growth strategies, succession planning and sustainability.

Trust: to be trusted by our employees, clients and partners.

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

OUR STRATEGIC FOCUS

City Building (Contracts) LLP continues to proudly celebrate the Queen's Award for Enterprise: Sustainable Development as it constitutes the greatest honour to be bestowed on a business and our workforce can be rightly proud of their unique achievements. We are also proud of achieving the Defence Employer Recognition (DRS) scheme Gold award this year which is another accolade recognising our responsible business practices.

These awards recognise our workforce for their hard work and commitment to our customers, communities, our ability for innovative thinking and determination to raise standards in the construction sector. Investing in our workforce is critical to our success and we were further recognised this year by being presented with HR National Networks' award for Outstanding Contribution to Scottish HR. We continue with a rolling programme of monitoring for our Customer Service Excellence accreditation, achieving five (5) compliance plus elements.

Our responsibility of supporting economic growth aspirations, combining our commercial success with socially and environmentally responsible practices, giving life changing opportunities to those far removed from the labour market was also recognised by three awards from CN UK Talent awards for Most Inspiring Employer, Apprenticeship Initiative of the Year and for our Equality, Diversity and Inclusion practices. We are delighted to be able to share our experience and exemplary work practices in the broader industry.

We continue to develop City Building (Contracts) LLP's brand in our chosen markets. As well as delivering 60 new apprenticeships during this financial year, 97% of our apprentices are retained in jobs with us on completion of their qualifications.

We work with Glasgow City Council to support the delivery of its Strategic Plan inclusive of the priority themes. We continue to deliver a diverse range of construction and manufacturing operations including repairs and maintenance, design and build construction, new house building, major investment and refurbishment, manufacturing micro-renewables including district heating, solar thermal and PV installations as well as a range of specialist services.

We commissioned and published two reports to allow us to monitor our performance in the areas of Equality, Diversity and Inclusion.

The first report, published March 2018, found that:

- 9% of our apprentices are female compared with 2% starts in the construction sector in Scotland.
- 38% of our apprentices live in the most deprived areas of Scotland.
- 11% of our apprentices have a disability compared with 9% of apprentices in Scotland.
- 4% of our apprentices are from an ethnic minority background compared to 2% of apprentices in Scotland.

We employ one in eight construction workers in Glasgow and therefore compete to recruit the best. We recruit 60 craft apprentices annually and to build diversity we work through our "Construction for All" initiative, where we take a unique approach because we believe opportunities for training and an apprenticeship are life-changing.

Our second report funded by the Scottish Government worked with our supply chain to create a tool kit to build greater diversity and inclusion in the construction sector. This is an area we will continue to focus on as we enjoy the outcomes of being a fully inclusive and progressive employer.

Underlining the unique social ethos at the heart of City Building (Contracts) LLP, we have been judged as the most Inspiring Employer within the UK. We retain our market positioning within the top 100 construction companies in the UK and according to industry data collated by the journal Construction News we are in the top ten companies for having responsible business practices in how we pay our supply chain.

External independent validation of performance is central to a culture of continuous improvement. This independent scrutiny can at times be infinite, nevertheless it provides us with demonstrable feedback on the effectiveness and success of our workforce.

In the past 12 months, we have received specific recognition from a range of industry and business organisations, gaining many very notable plaudits, including:

- **Queens Award for Enterprise** - Sustainable Development
- **Ministry of Defence** – DRS Scheme Gold
- **ARCA** (Asbestos removal contractors association) - Gold
- **ASCP Safety and Compliance** – Gas Contractor of the Year
- **ASCP Safety and Compliance** – Best Initiative to Combat Fuel Poverty
- **ASCP Safety and Compliance** – Renewables Project of the Year Finalist
- **Carer Positive** – Established Award
- **Customer Service Excellence** - 5 Compliance Plus accreditations
- **CN UK Inspire Awards** - Most Inspiring Apprenticeship Programme Finalist
- **CN UK Inspire Awards** – Most Inspiring Employer
- **CN UK Talent Awards** – Apprentice of the Year Finalist
- **CN UK Talent Awards** – Apprenticeship Initiative of the Year
- **CN UK Talent Awards** – CSR Initiative of the Year Finalist
- **CN UK Talent Awards** – Equality, Diversity and Inclusion Initiative of the Year
- **Hr National Network Awards** – Diversity and Inclusion of the Year
- **Hr National Network Awards** – Organisational Development of the Year
- **Hr National Network Awards** – Chief Executive of the Year
- **Hr National Network Awards** – Outstanding contribution to HR
- **Lady McDonald Recognition Award** – Plastering Apprentice of the Year – Brian Wilson

MALAWI

Working with our supply chain, a team from City Building undertook humanitarian work in Malawi by refurbishing a clinic at the Kamuzu District Hospital which we built in 2010. This vital maintenance work at the prosthetic and orthotic centre supported the work of the '500 miles' charity who have provided life-changing rehabilitation to over 13,000 patients since it opened helping people with impaired mobility to get moving and have a better quality of life.

INVESTING IN SKILLS AND LEADERSHIP

Our business is successful because of the individuals within our workforce who deliver our services. We manage our talent and continue to invest in our people whether it is our current workforce development, trainees or apprentices. We continue to rely on the innovation, hard work and commitment of our workforce and thank them for their continued dedication.

CUSTOMER SERVICE EXCELLENCE

We set out last year to undertake a rigorous independent assessment at City Building (Contracts) LLP on how we deliver our services to our customers. The assessment, which was carried out over a number of days, found that we provided a very high-quality service to our customers and also that our workforce had a strong focus on customer care. We always work hard to improve our services and delivering a high standard of quality to each of our customers is as the core of our business. Our customer satisfaction levels remain high within the top quartile of Scottish repairs provision.

CONSTRUCTION DIVISION

Market conditions continued to be challenging for the construction sector as a whole and revisions to programme start dates and the completion of new build projects with emphasis on refurbishment meant turnover in this area decreased to £51.9 million (2019 £75.2 million).

The Construction Division continues to be a market leader in providing opportunities which are of significant community or local economic benefit. We continue in rolling out various award-winning equality initiatives under our "Construction for All" initiative which targets women into construction and the black minority ethnic community to develop their careers in construction. A stark illustration of our commitment is that we employ 20% of all female craft apprentices in Scotland.

For Glasgow City Council's Education Services, we are working on the construction of the new Maryhill/ North Kelvinside Primary School (14 classrooms) and major refurbishments in some Early Years establishments and we completed the Sighthill Community Campus (28 classrooms) as well an extension to Scotstoun Primary School.

For Glasgow City Health and Social Care Partnership we are completing refurbishments to various Care Homes, Children's units and other facilities in the City.

A number of the components and furniture for the above new build and refurbishments comes from our manufacturing factory Royal Strathclyde Blindcraft Industries (RSBi). In recent years we have made strategic investments in our technology capabilities, our manufacturing capabilities, our processes and our workforce at our manufacturing factory RSBi. The results of this investment have created additional new ways of working and greater innovation with products and services.

We have successfully entered into new areas of work based on both the quality of our work and the community and social value that we offer.

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

City Building (Contracts) LLP is confident that our stance in creating skills and training in construction will be validated, and we have projects within our order book for the forthcoming year.

REPAIRS AND MAINTENANCE DIVISION

Following a strong year for the Repairs and Maintenance Division with turnover increasing to £9.4m (2019 £8.7m) we continue to implement a revised and refreshed approach to our Housing Association tendering strategy.

We work to build capability and deliver cost effectiveness. Our reputation as an employer of choice means we attract and retain the best people with the skills, solutions and commitment to get the job done right first time and to the highest standard.

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

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

We always work hard to improve our services and delivering a high standard of quality to each of our customers is at the core of our businesses. Our customer satisfaction levels remain high within the top quartile of Scottish repairs provision.

We lead by example in terms of our environmental strategy and addressing our own carbon footprint. Our strategy is annually reviewed and ensures our legal compliance, particularly with SEPA regulated Pollution Prevention and Control permits and waste management licences. Our Environmental Management System is accredited to ISO 14001: 2015 and audited by BSI.

INVESTMENT DIVISION

Glasgow City Council, recognising our skills and expertise and the challenges facing the construction sector as a whole, awarded £4.0m (2019 £5.2m) as part of the Community Asset Fund providing a significant boost to revenue, as well as delivering a wide range of economic, community benefits and social value across the whole City.

These community spaces include local libraries and community hubs and add to the existing refurbishment of a number of sports centres. These works have included Netherton Community Centre, Partick Library and Kelvin Hall as well as roofing refurbishments at the City Chambers, Glasgow.

CORPORATE SERVICES DIVISION

The 234 apprentices employed at our SQA-accredited training centre at Queenslie underpin much of the work carried out by our Construction and Repair and Maintenance Divisions, and the outstanding quality of the training they receive enhances their career prospects for decades to come. Our apprentices are recognised by external bodies in terms of awards.

With an apprentice “pass out rate” of 95% in the past year, almost a third above the national sector average, our apprenticeship programme is one of the most highly rated in the country. However, it is only one element of the investment we make in our people, which also covers degree and post-graduate qualifications.

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

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

This year, 97 communities, charities and third sector organisations benefitted from our work, including numerous community apprentice projects undertaken for local charities, projects and community organisations and 120 school pupils gaining work experience in construction and manufacturing. In addition, we have contributed £51,678 to corporate charities and our employee-led charity fundraising raised £24,603 which included raising funds for a number of charities giving support to people suffering with mental health issues and our humanitarian work in Malawi. These activities underline our workforce’s commitment to our corporate values.

RISK MANAGEMENT

City Building (Contracts) LLP applies a significant level of corporate governance to the management of business risk and has in place a formal structured risk review process.

The risk register is a live document and reviews are reported to Glasgow City Council and the City Building (Contracts) LLP Board, which is chaired by an elected Board member.

The stability of the UK construction market remains variable and there is now concern with the impact of Covid-19. The macro-economic impact of Covid-19 is not known yet however City Building's main concerns are in respect of the health & welfare of the staff, customers, clients & subcontractors; the availability of the work from clients; the availability of subcontractors and the additional costs associated with ensuring safe working practices.

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

City Building (Contracts) LLP is committed to:

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

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

ENVIRONMENTAL AND SUSTAINABILITY

City Building (Contracts) LLP recognises the significant impact that our activities have on environmental issues such as climate change; resource depletion and water quality affect us all. These matters remain priorities for Government. Over the past five years, with an increase in business, we have reduced annual waste production by 10.5% or 1,462.92 tonnes. Across the business, 74% of the waste is re-used or recycled therefore minimising waste being sent to landfill.

Although we have an excellent recycling rate, we are now incorporating the circular economy principles into our business strategy and have implemented a number of waste minimisation policies.

CARBON REPORTING

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR)

The LLP's energy use and emissions for the last year have been as follows:

Total energy use covering electricity, gas, other fuel and transport	135,324 kWh
Total per employee	347 kWh
Total emissions generated through combustion of gas	18.2 tCO ₂ e
Total emissions generated through other fuel	40.3 tCO ₂ e
Total emissions generated through purchased electricity	9.2 tCO ₂ e
Total Gross	67.7 tCO₂e

The UK Government Company Greenhouse Gas conversion factors have been used to calculate the emissions provided. The source of the information included energy and fuel invoices and meter readings.

Our aim is to reduce our carbon footprint to as low a level as is reasonably possible through effective management and identification of improvements within the organisation, all of which will be in-line with the ISO 14001:2015 accreditation held by the LLP.

As a start, we have implemented the following initiatives for the purpose of increasing the business energy efficiency in the upcoming financial year:

- A Sustainability Champion network has been established within the organisation to help identify potential savings opportunities across the various premises of the business. Regular training sessions and awareness materials have been made available to support effective delivery of this scheme;
- A full feasibility study has been commissioned for the vehicle fleet operated by the business and will be undertaken by The Energy Savings Trust with a view to identifying the latest technology available which has the potential to drastically reduce carbon emissions from the current diesel-powered fleet.

The following energy efficiency measures are under consideration for implementation during the financial year:

- Implementation of IT systems to allow for PC shutdown to ensure equipment is switched off during periods when they are not in use;
- Continued installation of energy-efficient lighting and appliances throughout the business;
- Continued replacement of older air-conditioning unit systems with more energy-efficient systems.;
- On-going monitoring of building energy performance and identifying potential for new technology to be implemented.

INVESTMENT FOR NEW BUSINESS DEVELOPMENT

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

OUTLOOK 2020-21

In line with Scottish Government guidance on the Covid-19 pandemic, City Building (Contracts) LLP went into lockdown the week commencing 23rd March 2020. Throughout this period, we supported our clients and customers through continuing to deliver emergency life and limb repairs. However, all planned works were suspended. We have benefited from the UK Government's Job Retention Scheme (furlough) and have an agreement with Glasgow City Council who has committed to deficit fund City Building (Contracts) LLP throughout this period giving comfort there is no going concern issue.

As lockdown eases and opportunities open, we believe that with both a highly skilled workforce and a strong, experienced management team, City Building (Contracts) LLP is confident it will continue to secure work through the 2020/21 financial year and that it will continue to deliver operational and financial success.

TRANSACTION WITH MEMBERS

During the year sales and purchases for construction, maintenance and manufacturing were made from members.

In accordance with the agreements between the LLP and Glasgow City Council, and in line with previous years, the annual discount of £2.2m (2019 £4.1m) was provided for within these accounts in respect of the profits made on contracts and services provided during the year.

DISCLOSURE OF INFORMATION TO AUDITOR

The members who held office at the date of approval of this members report confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership's auditor are unaware, and each member has taken all the steps that they ought to have taken as a Member to make themselves aware of any relevant audit information and to establish that the partnership's auditor is aware of that information.

AUDITOR

Grant Thornton UK LLP was appointed for an initial period covering the 2019/20 financial statements. A new appointment will be approved by the Members prior to the end of the period for appointment of auditors in accordance with Section 487 of the Companies Act 2006.

The financial statements were authorised for issue on XX XXXX 2020.

Approved by the members and signed by

Graham Paterson

For and on behalf of

GCC LLP Investments Ltd
Designated member
Registered Number: SO301080
Registered Office: 350 Darnick Street, Glasgow G21 4BA

XX XXXXX XXXX

Statement of members' responsibilities in respect of the Members' Report and the financial statements

The members are responsible for preparing the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the 2008 Regulations. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of City Building (Contracts) LLP

We have audited the financial statements of City Building (Contracts) LLP ("the LLP") for the year ended 31 March 2020 which comprise the Profit and Loss Account and Other Comprehensive Income, Statement of Other Comprehensive Income, Balance Sheet, Statement of Members' Interests and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – pension assets valuation

We draw attention to Note 15 to the financial statements, which describes the basis for valuing the property assets held by the defined benefit pension scheme. The scheme trustees engaged an expert to value the property assets held. The expert's valuation included a 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to management's valuation than would normally be the case. Our opinion is not modified in respect of this matter.

Independent auditor's report to the members of City Building (Contracts) LLP (continued)

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the members and the 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 LLP's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the LLP's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for an LLP associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the LLP's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 members' conclusions, we considered the risks associated with the LLP's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the LLP's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements were authorised for issue. In accordance with the above, 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 LLP will continue in operation.

Independent auditor's report to the members of City Building (Contracts) LLP (continued)

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the auditor's report thereon. Our opinion on the financial statements

does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members for the financial statements

As explained more fully in the members' responsibilities statement set out on page 14 the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and 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.

In preparing the financial statements, the members are responsible for assessing the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of City Building (Contracts) LLP (continued)

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

James Andersen

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Glasgow

Date

Profit and loss account
for the year ended 31 March 2020

	Note	2020 £000	2019 £000
Turnover	3	65,173	87,856
Cost of sales		<u>(60,987)</u>	<u>(84,511)</u>
Gross profit		4,186	3,345
Administrative expenses		<u>(6,141)</u>	<u>(8,203)</u>
Operating loss	4	(1,955)	(4,858)
Interest payable and similar charges	7	<u>(733)</u>	<u>(528)</u>
Loss for the financial year available for discretionary division among members		<u>(2,688)</u>	<u>(5,386)</u>

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

**Statement of Other Comprehensive Income
for year ended 31 March 2020**

	2020	2019
	£000	£000
Loss for the year available for discretionary division among members	(2,688)	(5,386)
	<hr/>	<hr/>
Other comprehensive income		
Actuarial gains/(losses) on defined benefit pension scheme	11,440	(5,619)
	<hr/>	<hr/>
Other comprehensive income for the year	11,440	(5,619)
	<hr/>	<hr/>
Total comprehensive income for the year	8,752	(11,005)
	<hr/> <hr/>	<hr/> <hr/>

Balance Sheet
at 31 March 2020

	<i>Note</i>	2020 £000	As restated 2019 £000
Fixed assets			
Tangible assets	8	-	4
Current assets			
Stock	9	20	16
Debtors	10	11,969	12,354
Cash in hand and in bank		3,043	11,400
		<u>15,032</u>	<u>23,770</u>
Creditors: amounts falling due within one year	11	<u>(12,207)</u>	<u>(19,074)</u>
Net current assets		2,825	4,696
Total assets less current liabilities		2,825	4,700
Provisions for liabilities	12	<u>(392)</u>	<u>(404)</u>
Net assets before pension fund (deficit)		2,433	4,296
Pension fund deficit	13	<u>(19,112)</u>	<u>(27,864)</u>
Net liabilities attributable to members		<u>(16,679)</u>	<u>(23,568)</u>
Represented by:			
Loans and other debts due to members within one year			
Other amounts		2,432	4,295
Members' other interests			
Members' capital classified as equity		1	1
Members' Other interests - other reserves classified as equity	13	<u>(19,112)</u>	<u>(27,864)</u>
		<u>(16,679)</u>	<u>(23,568)</u>
Total Members' Interests			
Amounts due from members		(3,947)	(6,451)
Loans and other debts due to members		2,432	4,295
Members' other interests		<u>(19,111)</u>	<u>(27,863)</u>
		<u>(20,626)</u>	<u>(30,019)</u>

These financial statements were approved and authorised for issue by the members on XX August 2020 and were signed on their behalf by:

Graham Paterson
For and on behalf of

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

X September 20XX

Statement of Members' Interests

	Equity			Debt		Total Members' Interests
	Members' other interests			Loans and other debts due to members less any amounts due from members in debtors		
£000's	Members' Capital	Other Reserves classified as equity	Total	Other amounts	Total	
Amounts Due to Members				4,354	4,354	4,354
Amounts Due from Members				(12,372)	(12,372)	(12,372)
Balance as at 1 April 2018	1	(16,859)	(16,858)	(8,018)	(8,018)	(24,876)
Loss for the financial year available for discretionary division among members		(5,386)	(5,386)			(5,386)
Other Comprehensive Income		(5,619)	(5,619)			(5,619)
Other movements				5,862	5,862	5,862
Balance as at 31 March 2019	1	(27,864)	(27,863)	(2,156)	(2,156)	(30,019)

Statement of Members' Interests (continued)

	Equity			Debt		Total Members' Interests
	Members' other interests			Loans and other debts due to members less any amounts due from members in debtors		
£000's	Members' Capital	Other Reserves classified as equity	Total	Other amounts	Total	Total Members' Interests
Amounts due to Members				4,295	4,295	4,295
Amounts Due from Members				(6,451)	(6,451)	(6,451)
Balance as at 1 April 2019	1	(27,864)	(27,863)	(2,156)	(2,156)	(30,019)
Loss for the financial year available for discretionary division among members		(2,688)	(2,688)			(2,688)
Other Comprehensive Income		11,440	11,440			11,440
Other movements				641	641	641
Balance as at 31 March 2020	1	(19,112)	(19,111)	(1,515)	(1,515)	(20,626)

Notes (forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Limited Liability Partnership's financial statements. City Building (Contracts) LLP is an LLP incorporated in Scotland, registered at 350 Darnick Street, Glasgow, G21 4BA.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost accounting rules and in accordance with the Statement of Recommended Practice 'accounting by limited liability partnerships 2018' ("LLP SORP").

These financial statements were prepared in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland ("*FRS 102*").

The LLP's financial statements are fully consolidated in the group financial statements prepared and published by Glasgow City Council. This entitles the LLP to use the exemption from the preparation of a cash flow statement and related notes, Financial Instruments, Risk Managements Disclosure, and key management personnel compensation as stated in FRS 102. As the LLP is a wholly owned subsidiary of Glasgow City Council, the LLP has taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group as related parties.

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

Going concern

The LLP has net liabilities of £16.7 million at the balance sheet date. These arise from its obligations in respect of the inclusion of Strathclyde Pension Fund liabilities of £19.1 million which fall due in future years in accordance with the accounting treatment required by FRS102. The net pension fund liability is dependent on market economic conditions and represents the specific circumstances as at the balance sheet date.

The LLP is, required to service the annual cash contributions payable to the pension scheme. These are determined every three years as a result of the formal triennial actuarial valuation. The last formal valuation was as at 31 March 2020. Based on the LLP's business plan for the short to medium term, management is of the view that the trading performance of the LLP will be such as to enable the LLP to continue to meet the annual contributions to the pension fund as they fall due. In the longer term, beyond the scope of the next triennial actuarial valuation, as the LLP participates in a multi-employer local government pension scheme, any actions to address the longer term funding position in respect of the LLP will necessarily be undertaken in conjunction with

Notes (continued)

the parent member, Glasgow City Council which is also a participant member in the Strathclyde Pension Fund.

Due to Covid-19, the LLP went into lockdown 23rd March 2020 in line with Scottish Government guidance. During this period the LLP continued to provide an emergency life and limb repairs service however all planned works were suspended. The LLP has benefited from the UK Government's Job Retention Scheme (furlough). Glasgow City Council has committed to deficit fund City Building (Contracts) LLP for at least 12 months from the date of signing these financial statements giving comfort that there is no going concern issue.

Turnover recognition

Turnover from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. Income received in advance is included in the balance sheet within creditors: amounts falling due within one year.

Revenue Streams:

Repairs & Maintenance – Recognised when job is complete

Manufacturing – Recognised when product is complete

Construction Works – When the outcome of a contract can be measured reliably, the entity will recognise both income and costs by reference to the percentage of completion of the contract. If the outcome cannot be reliably measured, all costs are expensed and revenue is only recognised to the extent that it is probable that costs are recoverable. When it is probable that a loss will occur on a contract, this is recognised in full immediately as an onerous contract provision.

Long-term contracts

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

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

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price.

Cash & Cash Equivalents

Cash is represented as cash in hand and deposits with financial institutions.

Notes (Continued)

Provisions

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

Allocation of profits

In accordance with the members' agreement a discounts provided to members on the services provided to them is accounted for as a reduction to turnover in the profit and loss account rather than members' remuneration charged as an expense. The members shall be entitled to share equally the other reserves classified as equity.

Members' capital

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

Value added tax

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

Taxation

Taxation on all partnership profits is solely the personal liability of individual members. Consequently neither taxation nor related deferred taxation arising in the LLP are accounted for in these financial statements.

Retirement benefits

All existing and new members of staff have the option of joining the defined benefit pension scheme; Strathclyde Pension Fund ("the Fund"). A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The LLP's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets, which are valued in accordance with FRS 102 fair value hierarchy, is deducted. The LLP determines the net interest expense/ (income) on the net defined benefit liability/ (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/ (asset) taking account of changes arising as a result of contributions and benefit payments. Assets and liabilities of the Fund are held separately from those of the LLP.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Fund's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The LLP recognises net defined benefit plan assets to

Notes (Continued)

the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

2 Turnover

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

3 Turnover by class

The activities of the LLP are broken down as follows:

Year ended 31 March	Construction Activities		Repairs and Maintenance Activities		Manufacturing		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	£000	£000	£000	£000	£000	£000	£000	£000
Turnover	51,942	75,173	9,417	8,704	3,814	3,979	65,173	87,856

4 Operating loss

	2020 £000	2019 £000
Operating loss is stated after charging:		
Fees payable to auditor for the audit of the LLP's annual accounts	22	24
Fees payable to the LLP's auditor for tax compliance services	2	3

5 Staff numbers and cost

The average number of persons employed by the LLP during the year, analysed by category, was as follows:

	2020 Number	2019 Number
Direct operatives	351	383
Administration	8	8
	<u>359</u>	<u>391</u>

Notes (Continued)

2020
£000

2019
£000

Staff costs for these persons were:

Wages and salaries	13,344	13,325
Social security costs	1,317	1,365
Pension costs	4,138	6,560
	<u>18,799</u>	<u>21,250</u>

6 Particulars of members

The number of members of the Limited Liability Partnership for the period was two. Discount remunerated to the member Glasgow City Council was £2.2m (2019: £4.1m).

7 Other interest payable and similar charges

	2020	2019
	£000	£000
Interest on defined benefit scheme obligation	(2,562)	(2,314)
Expected return on pension assets	1,829	1,786
	<u>(733)</u>	<u>(528)</u>

8 Fixed assets

	Plant & Equipm ent	Total
	£000	£000
Cost		
At 1 April 2019	8	8
At 31 March 2020	<u>8</u>	<u>8</u>
Depreciation		
At 1 April 2019	4	4
Charge for the year	4	4
At 31 March 2020	<u>8</u>	<u>8</u>
Net book value		
At 31 March 2020	<u>-</u>	<u>-</u>
At 31 March 2019	4	4

9 Stock

	2020	2019
	£000	£000
Raw materials and consumables	<u>20</u>	<u>16</u>

Notes (Continued)

10 Debtors

	2020	2019
	£000	£000
Trade debtors	4,225	3,401
Amounts due by group undertakings	1,260	503
Amounts due by members	3,947	6,451
Prepayments and accrued income	2,537	1,999
	<u>11,969</u>	<u>12,354</u>

11 Creditors: amounts falling due within one year

	2020	As restated 2019
	£000	£000
Trade creditors	2,925	6,866
Amounts owed to other group undertakings	-	5
Other axes and social security	1,099	932
Accruals and deferred income	8,183	11,271
	<u>12,207</u>	<u>19,074</u>

The prior year comparatives have been restated to appropriately reallocate amounts due to members to loans and other debts due to Members to comply with the LLP SORP. Last year creditors included 'amounts owed to parent' of £4,295k. A Statement of Members Interests was also omitted in error in the prior year which has been added.

12 Provisions for liabilities

	2020	2019
	£000	£000
Balance at beginning of the year	(404)	(346)
Released/(Charged) to profit and loss account	12	(58)
	<u>(392)</u>	<u>(404)</u>

Provisions relate to warranty on certain works and estimates for potential holiday obligations arising from changes to the Employment Rights Act 1996.

Notes (Continued)

13 Pension Costs

The information disclosed below is in respect of the LLP's share of assets and liabilities within the Strathclyde Pension Fund, in which it is a participating employer. The latest full actuarial valuation was carried out as at 31 March 2020. The next triennial valuation of the scheme will be 31 March 2023.

	2020	2019
	£000	£000
Present value of funded defined benefit obligations	(90,637)	(99,549)
Fair value of plan assets	71,525	71,685
Net liability	<u>(19,112)</u>	<u>(27,864)</u>

Movements in present value of defined benefit obligation:

	2020	2019
	£000	£000
At 1 April	99,549	82,104
Current service cost	5,155	4,840
Interest cost	2,562	2,314
Contribution by scheme participants	733	765
Actuarial (gains)/losses arising from changes in financial assumptions	(12,376)	7,766
Actuarial (gains)/losses arising from changes in demographic assumptions	(3,805)	-
Effect on settlements/curtailments	(192)	-
Past service cost including curtailments	(989)	1,760
	<u>90,637</u>	<u>99,549</u>

Movements in fair value of plan assets were as follows:

	2020	2019
	£000	£000
At 1 April	71,685	64,646
Interest Income	1,829	1,786
Re-measurement: return on plan assets less interest income	(4,933)	2,147
Contributions by employer	2,211	2,341
Contributions by members	733	765
Benefits paid	-	-
Effect of settlements/curtailments	-	-
At 31 March	<u>71,525</u>	<u>71,685</u>

Notes (Continued)

Expenses recognised in the profit and loss account

	2020	2019
	£000	£000
Current service cost	5,155	4,840
Past Service cost	(989)	1,760
Net interest on defined benefit pension plan obligation	733	528
At 31 March	<u>4,899</u>	<u>7,128</u>

The total amount recognised in Other Comprehensive Income in respect of actuarial gains and (losses) is £11,440,000 (2019 - (£5,619,000)).

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

	Fair value	
	2020	2019
	%	%
Equities	62	64
Corporate bonds	25	24
Property	12	10
Other	1	2
	<u>100</u>	<u>100</u>
	<u><u>100</u></u>	<u><u>100</u></u>
Actual return on plan assets	(4,933)	2,147

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

	2020	2019
	%	%
Discount rate	2.3	2.5
Expected rate of return on plan assets	2.6	2.6
Future salary increases	2.9	3.6
Inflation/pension increase rate	1.8	2.4

In valuing the liabilities of the pension fund at 31 March 2020, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. Salary increases are expected to be 2.9% p.a.

Notes (Continued)

The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

Category	2019/20		2018/19	
	Male	Female	Male	Female
Current Pensioner aged 65	20.7	22.9	21.4	23.7
	years	years	years	years
Future Retiree upon reaching 65	22.2	24.6	23.4	25.8
	years	years	years	years

History of plans

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

	2020	2019	2018	2017
	£000	£000	£000	£000
Present value of scheme liabilities	(90,637)	(99,549)	(82,104)	-
Fair value of scheme assets	71,525	71,685	64,646	-
Net asset	(19,112)	(27,864)	(17,458)	-

The LLP expects to contribute approximately £2,211,000 to its defined benefit plan in the next financial year.

14 Ultimate parent organisation

The LLP's ultimate parent undertaking is Glasgow City Council, one of its designated members, as this is largest group into which the results of the LLP are consolidated. The consolidated group financial statements of Glasgow City Council may be obtained from its registered office at the City Chambers, Glasgow, G2 1DU. In the opinion of the members, Glasgow City Council is also the controlling party of the LLP.

15 Accounting estimates and judgements

Key sources of estimation uncertainty:

The LLP believes that there is estimation uncertainty within the defined benefit pension liability which may materially affect the financial results. This uncertainty includes life expectancy, rate of inflation, returns the plans generate, discount rate. Independent actuarial advice is used to assist see note 13.

The pension scheme trustees appointed Avison Young (UK) Limited as an independent expert to independently value property assets held by the pension scheme of £8,583m as at 31 March 2020. The members have used the independent expert's report to determine the fair value of those property assets as at the year end.

The independent expert's valuation included a 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a

Notes (Continued)

higher degree of caution should be attached to the valuation of the property assets held by the pension scheme than would normally be the case. The members have considered the material valuation uncertainty included in the independent expert's report, and while less certainty and a higher degree of caution needs to be attached to the valuation, the valuation can still be relied upon. The members therefore consider the valuation included in the independent expert's report to be an accurate reflection of the property assets held by the pension scheme's fair value.

Critical accounting judgements in applying the LLP's accounting policies:

It is the opinion of the members that the profit of the LLP should be treated as a discount shown as a reduction to turnover rather than as remuneration to members as this reflects how it has been documented in the legal agreements. It is the clear intention of the members that the transactions are refunds on amounts charged and that the members do not believe that this should be classified as remuneration based on their interpretation of the SORP.

Contract Accounting – as referred to in note 1, all long term contracts are reviewed on a 4 weekly basis, with particular attention to contract stages of completion, costs to date and costs still to be incurred. Movement in margin is recognised when prudent to do so but immediately in the event there is a foreseeable loss.

16 Post Balance Sheet Event

On 11 March 2020, the World Health Organisation (WHO) officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. As this is a non-adjusting event, management has not adjusted the financial statements for the year ended 31 March 2020. Management is closely monitoring the evolution of this pandemic, including how it may affect the company, the economy and the population.

Due to the construction and maintenance activity the LLP is involved in being classed as essential the LLP is still operational. The impact of Covid-19 on the LLP's operational and financial performance will depend on future developments, including the duration of movement restrictions and the effect these have on suppliers and customers. Management has estimated the financial effects taking account of recovery plans from clients for the financial year 2020/21 and this situation will continue to be monitored closely.

Notes (Continued)

17 Related Parties

During the year the LLP entered into the following transactions with related parties:

	Sales		Purchases	
	2020	2019	2020	2019
	£000	£000	£000	£000
Entities with joint control or significant influence:-				
City Building (Glasgow) LLP	7,099	5,338	20,553	21,925
	7,099	5,338	20,553	21,925

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties		Amounts owed to related parties	
	2020	2019	2020	2019
	£000	£000	£000	£000
Entities with joint control or significant influence:-				
City Building (Glasgow) LLP	2,426	1,231	3,732	3,947
	2,426	1,231	3,732	3,947

The disclosure above was omitted in error in the prior period financial statements. The disclosure has been given this year, along with comparatives, to ensure compliance with section 10.33 of FRS102.

Amounts owed by City Building (Glasgow) LLP are shown in the Debtors (Note 10). Amounts owed to City Building (Glasgow) LLP are shown in Creditors (Note 11).

Sales to City Building (Glasgow) LLP are shown in Turnover (Note 3) and purchases from City Building (Glasgow) LLP are shown within Cost of Sales within the Profit & Loss Account.