Financial Statements
Essex Cares Limited

For the year ended 31 March 2013

Registered number: 06723149

Company Information

Directors	Mrs E J Chidgey (appointed 1 March 2013) Mr A Jackson (appointed 1 December 2012) Mrs S Garner Mrs T Greatrex Mrs W J Grafton Mr P W George
Company secretary	Mrs S Garner
Registered number	06723149
Registered office	Victoria House, Third Floor Victoria Road Chelmsford Essex CM1 1JR
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Crown House Crown Street Ipswich Suffolk IP1 3HS

Contents

Directors' report
For the year ended 31 March 2013

The directors present their report and the financial statements for the year ended 31 March 2013

Principal activities

The principal activities of the company and the group are those of providing social care and associated products and services

The trading results for the period and the group's financial position at the end of the period are shown in the attached financial statements, and are discussed further in the business review below

The Board

Essex Cares made a couple of significant changes to its Board during the year A new Chairman was appointed by the Shareholders in November 2012, Anthony Jackson joined the company following a long and successful career within a variety of international businesses

Following the resignation of its former Managing Director, Mark Lloyd, the Chairman appointed a new MD, Liz Chidgey to the role in March 2013 Liz brings a wealth of Adult Social Care experience from her extensive and varied career within Essex County Council

The new Board and strengthened management team bring new opportunities and renewed vigour to an already successful organisation

Business review

The directors are pleased with the performance during this year and believe that the Essex Cares group is in a strong position to continue to expand in line with its business plan and increase its share within the Adult Social care market

During the year Essex Cares successfully bid for the renewal of the Essex County Council Reablement contracts All five lots that were successfully won demonstrating the strength and quality of Essex Cares within the social care market

In addition Essex Cares also won its first contract outside of the county with West Sussex County Council This is also a Reablement contract which commenced in October 2012 This is a particular good achievement as it is shows how the Essex Cares brand is growing beyond its home territory

Considerable investment has been made in a new stock management system This was an essential investment to ensure the business can continue to grow and operate more efficiently Other systems and investments are now also being investigated to ensure Essex Cares is in a position to respond to its customers' future needs

Financial Performance

Turnover, whilst lower than 2012, exceeded expectation mainly due to increased level of referrals across the company including the Equipment Service As expected with the introduction of a new system there have been some increased costs in year incurred during the implementation phase There are several efficiencies expected to be delivered from the system and the benefit of these will be seen next financial year

Other costs throughout the group continue to be monitored and further efficiencies were identified and delivered throughout the financial year

The cashflow position for the group has greatly improved and for the majority of the financial year there was a surplus cash position which was invested in line with the investment strategy

Directors' report

For the year ended 31 March 2013

Summary of key performance indicators

The directors have traditionally measured 39 "contract Golden KPIs" across its services which are monitored as part of the contract with its major customer, Essex County Council Performance in these has been more than satisfactory with the vast majority having exceeded target levels

The new Reablement contracts in Essex and West Sussex both include new KPI targets and these too are included within the reporting schedules to the Board and the Shareholders

A balanced scorecard approach is now being adopted to measure internal KPI's for the group This process and the reporting are regularly reviewed to ensure they are being managed effectively and are appropriate for the business The Audit Committee review these results on a regular basis

Strategy

The strategy to establish the Essex Cares group in the marketplace has continued this year including extensive marketing campaigns being undertaken, across the whole county and with other local authorities and health Work has continued also on the transformation and modernisation of services to ensure Essex Cares group is in a position to respond to changes in demand and social reforms

Essex Cares will continue to seek out new opportunities to grow its private sector income as well as look for complimentary services and prospects which complement the current service offerings inside and outside of Essex, diversifying and reducing the reliance on the current Essex County Council contracts

The Directors are delighted to have achieved ISO9001 accreditation in the year

Results

The profit for the year, after taxation, amounted to £1,360,192 (2012 - 2,215,120) This includes an expense in relation to the defined benefit scheme of £631,000 (2012 - a gain of £105,000)

Directors

The directors who served during the year were

Mrs E J Chidgey (appointed 1 March 2013)
Mr A Jackson (appointed 1 December 2012)
Mrs S Garner
Mrs T Greatrex
Mrs W J Grafton
Mr P W George
Ms S Malik (resigned 7 September 2012)
Mr C J B Beckwith (resigned 21 March 2013)
Mr M Lloyd (resigned 9 November 2012)
Mr J L A Manzoni (resigned 19 March 2013)
Mr C W Broadhurst (resigned 20 March 2013)
Dr C E Dollery (resigned 29 June 2012)

Directors' report
For the year ended 31 March 2013

Directors' responsibilities statement

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 company and the group and of the profit or loss of the group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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 group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Principal risks and uncertainties

The group uses various financial instruments including cash and various working capital items, such as trade debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the group's operations

The main risks arising from the group's financial instruments are liquidity risk, interest rate risk and credit risk The directors review and agree policies for managing each of these risks and they are summarised below

Liquidity risk
The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs whilst supporting investment plans

The group is developing its policies on liquidity risk and currently has a short-term commercial funding arrangement with Essex County Council

Interest rate risk
The funding arrangement outlined above is on a commercial basis of 3% above base rate for borrowings

Credit risk
The group's principal financial assets are cash and trade debtors The credit risk associated with both cash and trade debtors is limited as the majority of the counterparties have high credit ratings

Directors' report
For the year ended 31 March 2013

Employee involvement

The group has established a strong practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group The directors have established an employee forum during the current financial year in order to further enhance employee involvement. This has started successfully and is attended by directors to ensure that feedback is acted upon In addition there are annual employee roadshows and regular newsletters

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities 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

Essex Cares is an equal opportunities employer

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 23rd July 2013 and signed on its behalf

EJ Chidgey

Mrs E J Chidgey
Director

Grant Thornton

Independent auditor's report to the members of Essex Cares Limited

We have audited the financial statements of Essex Cares Limited for the year ended 31 March 2013, which comprise the Consolidated profit and loss account, the Consolidated statement of total recognised gains and losses, the Consolidated and Company balance sheets, the Consolidated cash flow statement, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

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 2013 and of the group's profit 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Grant Thornton

Independent auditor's report to the members of Essex Cares Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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

Grant Thornton UK LLP

James Brown (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Ipswich
Date 25 July 2013

Consolidated profit and loss account

For the year ended 31 March 2013

	Note	2013 £	2012 £
Turnover	1,2	**38,624,069**	39,168,762
Cost of sales		**(10,557,080)**	(10,103,924)
Gross profit		**28,066,989**	29,064,838
Administrative expenses		**(27,125,800)**	(27,634,643)
Operating profit	3	**941,189**	1,430,195
Interest receivable and similar income		**6,748**	10,601
Interest payable and similar charges	7	**(1,348)**	(1,945)
Other finance income	8	**488,000**	776,000
Profit on ordinary activities before taxation		**1,434,589**	2,214,851
Tax on profit on ordinary activities	9	**(74,397)**	269
Profit for the financial year	18	**1,360,192**	2,215,120

All amounts relate to continuing operations

The notes on pages 12 to 28 form part of these financial statements

Consolidated statement of total recognised gains and losses

For the year ended 31 March 2013

	Note	2013 £	2012 £
Profit for the financial year		**1,360,192**	2,215,120
Actuarial gain/(loss) related to pension scheme	25	**1,623,000**	(6,539,000)
Total recognised gains and losses relating to the year		**2,983,192**	(4,323,880)

The notes on pages 12 to 28 form part of these financial statements

Consolidated balance sheet

As at 31 March 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Negative goodwill		-		(77,919)	
Intangible assets	10		-		(77,919)
Tangible assets	11		**766,392**		400,065
			766,392		322,146
Current assets					
Stocks	13	**1,132,300**		1,089,679	
Debtors	14	**6,501,247**		4,269,587	
Cash at bank and in hand		**670,775**		2,277,979	
		8,304,322		7,637,245	
Creditors: amounts falling due within one year	15	**(3,801,394)**		(4,507,337)	
Net current assets			**4,502,928**		3,129,908
Total assets less current liabilities			**5,269,320**		3,452,054
Provisions for liabilities					
Other provisions	16		**(670,356)**		(844,282)
Net assets excluding pension scheme assets/(liabilities)			**4,598,964**		2,607,772
Defined benefit pension scheme asset/(liability)	25		**449,000**		(543,000)
Net assets including pension scheme assets/(liabilities)			**5,047,964**		2,064,772
Capital and reserves					
Called up share capital	17		**100**		100
Profit and loss account	18		**5,047,864**		2,064,672
Shareholders' funds	19		**5,047,964**		2,064,772

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

23rd July 2013

E J Chidgey

Mrs E J Chidgey
Director

The notes on pages 12 to 28 form part of these financial statements

Company balance sheet
As at 31 March 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Negative goodwill		-		(77,919)	
Intangible assets	10		-		(77,919)
Tangible assets	11		**766,392**		400,065
Investments	12		**300**		300
			766,692		322,446
Current assets					
Stocks	13	**1,132,300**		1,089,679	
Debtors	14	**7,139,253**		4,907,593	
Cash at bank and in hand		**670,775**		2,277,979	
		8,942,328		8,275,251	
Creditors: amounts falling due within one year	15	**(3,801,694)**		(4,507,637)	
Net current assets			**5,140,634**		3,767,614
Total assets less current liabilities			**5,907,326**		4,090,060
Provisions for liabilities					
Other provisions	16		**(670,356)**		(844,282)
Net assets excluding pension scheme assets/(liabilities)			**5,236,970**		3,245,778
Defined benefit pension scheme asset	25		**108,000**		97,000
Net assets including pension scheme assets/(liabilities)			**5,344,970**		3,342,778
Capital and Reserves					
Called up share capital	17		**100**		100
Profit and loss account	18		**5,344,870**		3,342,678
Shareholders' funds	19		**5,344,970**		3,342,778

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

23rd July 2013

E J Chidgey

Mrs E J Chidgey
Director

The notes on pages 12 to 28 form part of these financial statements

Consolidated cash flow statement

For the year ended 31 March 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	21	**(1,015,334)**	1,951,607
Returns on investments and servicing of finance	22	**5,400**	8,656
Taxation		**2,708**	269
Capital expenditure and financial investment	22	**(599,978)**	(77,680)
Equity dividends paid		**-**	(1,000,000)
(Decrease)/Increase in cash in the year		**(1,607,204)**	882,852

Reconciliation of net cash flow to movement in net funds/debt

For the year ended 31 March 2013

	2013 £	2012 £
(Decrease)/Increase in cash in the year	**(1,607,204)**	882,852
Movement in net debt in the year	**(1,607,204)**	882,852
Net funds at 1 April 2012	**2,277,979**	1,395,127
Net funds at 31 March 2013	**670,775**	2,277,979

The notes on pages 12 to 28 form part of these financial statements

Notes to the financial statements

For the year ended 31 March 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Going concern

The directors have prepared forecasts for the foreseeable future indicating that the group will continue to trade within its cash reserves backed up by an overdraft facility with Essex County Council The forecasts assume the renewal of certain existing contracts with Essex County Council following assurances from Essex County Council that it remains supportive of the group in order to build a sustainable future

On the basis of these facts the directors consider it is appropriate to prepare the financial statements on the going concern basis

1.3 Basis of consolidation

The financial statements consolidate the accounts of Essex Cares Limited and all of its subsidiary undertakings ('subsidiaries')

1.4 Related party transactions

The company is a wholly owned subsidiary of Essex County Council, the consolidated accounts of which are publicly available Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members of the group

The accounts of Essex County Council represent the largest and smallest group of undertakings for which group accounts are drawn up

1.5 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

At the Essex Equipment Service division, turnover represents sales of equipment to third parties net of the cost of buying the equipment back

1.6 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities It is amortised to the Profit and loss account over its estimated economic life

Negative goodwill is written back to the profit and loss account to match the recovery of the non-monetary assets acquired

Amortisation is provided at the following rates

Negative Goodwill	-	3 years straight line

Notes to the financial statements
For the year ended 31 March 2013

1. Accounting policies (continued)

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant & machinery	-	2 to 10 years straight line
Fixtures & fittings	-	2 to 4 years straight line
Office equipment	-	5 years straight line
Computer equipment	-	3 years straight line

1.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment

1.9 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.12 Pensions

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2013

Notes to the financial statements
For the year ended 31 March 2013

1. Accounting policies (continued)

The assets of the scheme are held separately from those of the group

Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using a weighted average rate of spot yields on AA corporate bonds

Pension scheme assets are valued at their market value at the balance sheet date

Any deferred tax relating to a defined benefit asset/liability is offset against the defined benefit asset/liabilty and not included with other deferred tax assets or liabilites

1.13 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Notes to the financial statements

For the year ended 31 March 2013

2. Turnover

The turnover and profit before tax are attributable to the principal activities of the group An analysis of turnover is given below

All turnover arose within the United Kingdom

Turnover by division

	2013 £	2012 £
Essex Community Support	**18,125,462**	12,986,304
Essex Equipment Service	**13,552,145**	15,126,656
Essex Employment & Inclusion	**6,946,462**	10,767,625
Other	**-**	288,177
Total	**38,624,069**	39,168,762

3. Operating profit

The operating profit is stated after charging/(crediting)

	2013 £	2012 £
Amortisation - intangible fixed assets	**(77,919)**	(311,664)
Depreciation of tangible fixed assets		
- owned by the group	**233,651**	142,801
Operating lease rentals		
- plant and machinery	**373,093**	497,250
- other operating leases	**1,233,208**	1,433,773
Release of establishment expenses accrual	**(1,160,605)**	-

Notes to the financial statements
For the year ended 31 March 2013

4. Auditors' remuneration

	2013	2012
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	**30,950**	28,600
Fees payable to the company's auditor and its associates in respect of		
Taxation compliance services	**7,500**	9,000
All other services	**19,827**	5,050

5. Staff costs

Staff costs, including directors' remuneration, were as follows

	2013	2012
	£	£
Wages and salaries	**16,057,961**	15,360,279
Social security costs	**959,668**	954,640
Other pension costs (Note 25)	**2,277,743**	1,790,359
	19,295,372	18,105,278

The average monthly number of employees, including the directors, during the year was as follows

	2013	2012
	No.	No
Frontline staff	**647**	431
Support staff	**238**	404
Managerial staff	**35**	64
	920	899

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income (see note 8) and amounts recognised in the statement of recognised gains and losses as a result of applying FRS 17

Notes to the financial statements

For the year ended 31 March 2013

6. Directors' remuneration

	2013	2012
	£	£
Emoluments	**399,705**	257,027
Amounts paid to third parties for directors' remuneration services	**25,771**	244,979
Compensation for loss of office	**-**	45,630

During the year retirement benefits were accruing to 5 directors (2012 - 6) in respect of defined benefit pension schemes

The highest paid director received remuneration of £154,671 (2012 - £168,688)

7. Interest payable

	2013	2012
	£	£
Interest paid to group undertakings	**1,348**	1,945

8. Other finance income

	2013	2012
	£	£
Expected return on pension scheme assets	**2,293,000**	2,556,000
Interest on pension scheme liabilities	**(1,805,000)**	(1,780,000)
	488,000	776,000

9. Taxation

	2013	2012
	£	£
Analysis of tax charge/(credit) in the year		
UK corporation tax charge on profit for the year	**77,105**	-
Adjustments in respect of prior periods	**(2,708)**	(269)
Tax on profit on ordinary activities	**74,397**	(269)

Notes to the financial statements

For the year ended 31 March 2013

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 24% (2012 - 21%) The differences are explained below·

	2013 £	2012 £
Profit on ordinary activities before tax	**1,434,589**	2,214,851
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 21%)	**344,301**	465,119
Effects of.		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**3,630**	-
Adjustments to tax charge in respect of prior periods	**(2,708)**	(269)
Net income not taxable under mutual trading agreement	**(259,470)**	(465,119)
Marginal relief	**(11,356)**	-
Current tax charge/(credit) for the year (see note above)	**74,397**	(269)

Factors that may affect future tax charges

There were no factors that may affect future tax charges

Notes to the financial statements

For the year ended 31 March 2013

10. Intangible fixed assets

Group and Company	Negative goodwill £
Cost	
At 1 April 2012 and 31 March 2013	**(935,000)**
Amortisation	
At 1 April 2012	**(857,081)**
Charge for the year	**(77,919)**
At 31 March 2013	**(935,000)**
Net book value	
At 31 March 2013	**-**
At 31 March 2012	(77,919)

On 1 July 2009 the company acquired certain trading activities together with related assets and liabilities from Essex County Council

The pension scheme assets and liabilities were valued at 30 June 2009 in accordance with FRS17 and gave rise to a pension scheme surplus for which no payment was made The excess of the fair value of assets over liabilities and consideration paid created negative goodwill which is being written off over its useful life estimated at three years

11. Tangible fixed assets

Group and Company	Plant & machinery £	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 April 2012	**209,304**	**59,590**	**100,770**	**197,043**	**566,707**
Additions	**112,340**	**194,687**	**47,068**	**245,883**	**599,978**
Transfer between classes	**-**	**42,450**	**(42,450)**	**-**	**-**
At 31 March 2013	**321,644**	**296,727**	**105,388**	**442,926**	**1,166,685**
Depreciation					
At 1 April 2012	**69,865**	**27,916**	**9,495**	**59,366**	**166,642**
Charge for the year	**64,150**	**33,834**	**16,198**	**119,469**	**233,651**
At 31 March 2013	**134,015**	**61,750**	**25,693**	**178,835**	**400,293**
Net book value					
At 31 March 2013	**187,629**	**234,977**	**79,695**	**264,091**	**766,392**
At 31 March 2012	139,439	31,674	91,275	137,677	400,065

Notes to the financial statements
For the year ended 31 March 2013

12. Fixed asset investments

	Investments in subsidiary companies
Company	**£**
Cost or valuation	
At 1 April 2012 and 31 March 2013	**300**
Net book value	
At 31 March 2013	**300**
At 31 March 2012	300

Details of the principal subsidiaries can be found under note number 28

13. Stocks

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Finished goods	**1,132,300**	1,089,679	**1,132,300**	1,089,679

14. Debtors

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Due after more than one year				
Other debtors	**100**	100	**100**	100
Due within one year				
Trade debtors	**320,940**	132,323	**320,940**	132,323
Amounts owed by group undertakings	**5,488,124**	3,676,668	**6,126,129**	4,314,673
VAT recoverable	**252,029**	54,102	**252,029**	54,102
Other debtors	**110,844**	137,892	**110,845**	137,893
Prepayments and accrued income	**329,210**	268,502	**329,210**	268,502
	6,501,247	4,269,587	**7,139,253**	4,907,593

Notes to the financial statements

For the year ended 31 March 2013

15. Creditors: Amounts falling due within one year

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Trade creditors	**327,610**	586,744	**327,610**	586,744
Amounts owed to group undertakings	**98,127**	495,002	**98,427**	495,302
Corporation tax	**77,105**	-	**77,105**	-
Social security and other taxes	**284,765**	279,826	**284,765**	279,826
Other creditors	**202,508**	159,550	**202,508**	159,550
Accruals and deferred income	**2,811,279**	2,986,215	**2,811,279**	2,986,215
	3,801,394	4,507,337	**3,801,694**	4,507,637

Included within the above is £90,098 (2012 - £80,058) relating to outstanding pension payments

16. Provisions

Group and Company	Buildings dilapidations provision £	Staff cost provision £	Vehicle dilapidation provision £	Total £
At 1 April 2012	665,000	160,000	19,282	844,282
Additions	-	-	5,356	5,356
Amounts used	-	(6,728)	(12,776)	(19,504)
Amounts reversed	-	(153,272)	(6,506)	(159,778)
At 31 March 2013	665,000	-	5,356	670,356

Buildings dilapidations provision

This provision is for the amount which has been valued by an external party that it would cost to return the buildings which are being leased to their original state

Staff cost provision

This provision was to cover expected future costs relating to former employees

Vehicle dilapidation provision

This is the expected value which it will cost to return vehicles hired under operating lease to the rental company

Notes to the financial statements
For the year ended 31 March 2013

17. Share capital

	2013 £	2012 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	**100**	100

18. Reserves

Group	Profit and loss account £
At 1 April 2012	**2,064,672**
Profit for the year	**1,360,192**
Pension reserve movement	**1,623,000**
At 31 March 2013	**5,047,864**

Company	Profit and loss account £
At 1 April 2012	**3,342,678**
Profit for the year	**1,842,192**
Pension reserve movement	**160,000**
At 31 March 2013	**5,344,870**

Notes to the financial statements

For the year ended 31 March 2013

19. Reconciliation of movement in shareholders' funds

Group	2013 £	2012 £
Opening shareholders' funds	**2,064,772**	8,638,925
Prior year adjustments		(1,250,273)
Opening shareholders' funds (as restated)		7,388,652
Profit for the year	**1,360,192**	2,215,120
Dividends (Note 20)	**-**	(1,000,000)
Other recognised gains and losses during the year	**1,623,000**	(6,539,000)
Closing shareholders' funds	**5,047,964**	2,064,772

Company	2013 £	2012 £
Opening shareholders' funds	**3,342,778**	4,070,930
Prior year adjustments		(1,250,273)
Opening shareholders' funds (as restated)		2,820,657
Profit for the year	**1,842,192**	2,162,121
Dividends (Note 20)	**-**	(1,000,000)
Other recognised gains and losses during the year	**160,000**	(640,000)
Closing shareholders' funds	**5,344,970**	3,342,778

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The profit for the year dealt with in the accounts of the company was £1,842,192 (2012 - £2,162,121)

20. Dividends

	2013 £	2012 £
Dividends paid on equity capital	**-**	1,000,000

Notes to the financial statements

For the year ended 31 March 2013

21. Net cash flow from operating activities

	2013	2012
	£	£
Operating profit	941,189	1,430,195
Amortisation of intangible fixed assets	(77,919)	(311,664)
Depreciation of tangible fixed assets	233,651	142,801
Increase in stocks	(42,621)	(51,053)
(Increase)/decrease in debtors	(2,231,659)	741,953
Decrease in creditors	(783,049)	(1,092,725)
(Decrease)/increase in provisions	(173,926)	421,100
Defined benefit pension scheme charges	1,119,000	671,000
Net cash (outflow)/inflow from operating activities	(1,015,334)	1,951,607

22. Analysis of cash flows for headings netted in cash flow statement

	2013	2012
	£	£
Returns on investments and servicing of finance		
Interest received	6,748	10,601
Interest paid	(1,348)	(1,945)
Net cash inflow from returns on investments and servicing of finance	5,400	8,656

	2013	2012
	£	£
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(599,978)	(141,978)
Sale of tangible fixed assets	-	64,298
Net cash outflow from capital expenditure	(599,978)	(77,680)

23. Analysis of changes in net debt

	1 April 2012	Cash flow	Other non-cash changes	31 March 2013
	£	£	£	£
Cash at bank and in hand	2,277,979	(1,607,204)	-	670,775
Net funds	2,277,979	(1,607,204)	-	670,775

Notes to the financial statements
For the year ended 31 March 2013

24. Contingent liabilities

There is a contingent liability at 31 March 2013 relating to staff costs that had previously been included in provisions The potential settlements due total £50,000 however the directors do not consider that it is probable that such settlements will be made

25. Pension commitments

The group operates a Defined benefit pension scheme

The assets of the scheme are held separately from those of the group and are administered by trustees No other post-retirement benefits are provided The scheme is a funded scheme The assets and liabilities are recognised by each employer according to its individual employees

The key FRS 17 assumptions used for the scheme are set out below along with details of amounts included within the accounts in respect of the pension scheme

The pension scheme assets and liabilities were transferred from Essex County Council on 1 July 2009 The transfer was completed on a fully-funded basis using 2007 actuarial valuation assumptions which gave rise to an initial pension scheme asset of £935k calculated using FRS 17 assumptions

The amounts recognised in the Balance sheet are as follows

	2013	2012
	£	£
Present value of funded obligations	**(44,437,000)**	(39,739,000)
Fair value of scheme assets	**44,886,000**	39,196,000
Net asset/(liability)	**449,000**	(543,000)

The amounts recognised in profit or loss are as follows

	2013	2012
	£	£
Current service cost	**(2,118,000)**	(1,836,000)
Interest on obligation	**(1,805,000)**	(1,780,000)
Expected return on scheme assets	**2,293,000**	2,556,000
Gains on curtailments and settlements	**(148,000)**	(191,000)
Total	**(1,778,000)**	(1,251,000)
Actual return on scheme assets	**5,076,000**	424,000

Notes to the financial statements

For the year ended 31 March 2013

25. Pension commitments (continued)

Movements in the present value of the defined benefit obligation were as follows

	2013	2012
	£	£
Opening defined benefit obligation	**39,739,000**	31,242,000
Current service cost	**2,118,000**	1,836,000
Interest cost	**1,805,000**	1,780,000
Contributions by scheme participants	**700,000**	743,000
Actuarial Losses	**999,000**	4,407,000
Losses on curtailments	**148,000**	191,000
Benefits paid	**(1,072,000)**	(460,000)
Closing defined benefit obligation	**44,437,000**	39,739,000

Changes in the fair value of scheme assets were as follows

	2013	2012
	£	£
Opening fair value of scheme assets	**39,196,000**	37,133,000
Expected return on assets	**2,293,000**	2,556,000
Actuarial gains and (losses)	**2,622,000**	(2,132,000)
Contributions by employer	**1,147,000**	1,356,000
Contributions by scheme participants	**700,000**	743,000
Benefits paid	**(1,072,000)**	(460,000)
	44,886,000	39,196,000

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of total recognised gains and losses was a loss of £45,999 (2012 - £1,668,999)

The group expects to contribute £810,000 to its Defined benefit pension scheme in 2014

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2013	2012
Equities	**64.00 %**	70 00 %
Government bonds	**7.00 %**	4 00 %
Other bonds	**8.00 %**	10 00 %
Property	**12.00 %**	14 00 %
Cash/Liquidity	**4.00 %**	2 00 %
Alternative assets	**5.00 %**	- %

Notes to the financial statements
For the year ended 31 March 2013

25. Pension commitments (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages)

	2013	2012
Discount rate at 31 March	**4.60 %**	4 60 %
Expected return on scheme assets at 31 March	**5.80 %**	5 80 %
Future salary increases	**3.35 %**	3 25 %
Future pension increases	**2.60 %**	2 50 %
Inflation - RPI	**3.40 %**	3 30 %
Inflation - CPI	**2.60 %**	2 50 %

Amounts for the current and previous period are as follows

Defined benefit pension schemes

	2013	2012
	£	£
Defined benefit obligation	**(44,437,000)**	(39,739,000)
Scheme assets	**44,886,000**	39,196,000
Surplus/(deficit)	**449,000**	(543,000)
Experience adjustments on scheme liabilities	**(999,000)**	(4,407,000)
Experience adjustments on scheme assets	**2,622,000**	(2,132,000)

26. Operating lease commitments

At 31 March 2013 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2013	2012	2013	2012
Group	£	£	£	£
Expiry date:				
Within 1 year	**1,254,722**	1,151,297	**7,527**	-
Between 2 and 5 years	**-**	-	**131,578**	-

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2013	2012	2013	2012
Company	£	£	£	£
Expiry date:				
Within 1 year	**1,253,722**	1,151,297	**7,527**	-
Between 2 and 5 years	**-**	-	**131,578**	-

Notes to the financial statements

For the year ended 31 March 2013

27. Contingencies

A provision was made in previous years in respect of the cost of repurchasing equipment sold to customers who have a contractual right to return the equipment when it is no longer required This liability, which was shown net of the estimated value of the returned stock, was recognised as a provision in the company's accounts

A new agreement was then signed with customers that updated the repurchasing costs attached to each sale The result of this agreement is that the estimated provision of the previous years moved to an estimated net asset position at 31 March 2011 and has remained at a net asset position since that date

Each item of equipment sold has an agreed buy-back cost set at a percentage of original sales value The cost of repurchasing equipment is calculated as an estimate of the total cost of all equipment if it were returned less the estimated proportion of such equipment which is never returned The calculation of the net position also takes account of the estimated value of the stock that is likely to be returned by the customer to the company The value attributed to the returned total stock is its original purchase cost, less an estimate to account for assets that are returned and scrapped for quality reasons All of the above factors are determined through historical experience shown by the company's stock recording system

Due to the inherent estimation techniques in calculating both the asset and liability element of this stock the net asset position at 31 March 2013 of £4,784,838 (2012 - £3,919,373) has been treated as a contingent asset

28. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Essex Equipment Services Limited	England and Wales	100	Employment of staff
Essex Community Support Limited	England and Wales	100	Employment of staff
Essex Employment and Inclusion Limited	England and Wales	100	Employment of staff