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Financial Statements
Essex Cares Limited

For the year ended 31 March 2015

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COMPANIES HOUSE

Registered number: 06723149

Company Information

Directors	E J Chidgey P W George K Lynch (appointed 2 January 2015) P J Martin W J Grafton (resigned 30 May 2014) R G Walters (appointed 1 December 2014) A J Jackson (resigned 1 May 2014) J M Coyle (resigned 2 January 2015) J A Spence (appointed 1 May 2014, resigned 1 December 2014) W Thomas (appointed 16 July 2015) M B P Fitzgerald (appointed 16 July 2015) K Blair (appointed 6 August 2015)
Registered number	06723149
Registered office	Seax House Victoria Road Chelmsford Essex CM1 1QH
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 80 Compair Crescent Ipswich Suffolk IP2 0EH

Contents

Directors' report
For the year ended 31 March 2015

The directors present their report and the financial statements for the year ended 31 March 2015.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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.

Directors

The directors who served during the year were:

E J Chidgey
P W George
K Lynch (appointed 2 January 2015)
P J Martin
W J Grafton (resigned 30 May 2014)
R G Walters (appointed 1 December 2014)
A J Jackson (resigned 1 May 2014)
J M Coyle (resigned 2 January 2015)
J A Spence (appointed 1 May 2014, resigned 1 December 2014)

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.

Directors' report
For the year ended 31 March 2015

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 Limited is an equal opportunities employer.

Disclosure 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 relevant audit information and to establish that the company and the group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16th September 2015 and signed on its behalf.

W Thomas

W Thomas
Director

Group strategic report
For the year ended 31 March 2015

Principal activities

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

Business review

On 22 June 2015 the Group rebranded such that it is known going forwards as ECL, whilst retaining the registered name of the parent company as Essex Cares Limited.

ECL continues to bring substantial improvements to customers' lives by offering various services that allow independence to be sought or maintained. ECL's mission statement outlines the aim of the Group to become the 'partner of choice nationally' and this vision is shared by staff across the entire Group. The continual drive by operational staff to improve our services is clearly demonstrated.

ECL is aiming to evolve from its current form to respond to the major challenges and developments in the care and wellbeing sector – the need for better value for money for social care commissioners, the right to greater choice on the part of consumers, a growing population in need of care services, increased concern about support for people with dementia and their carers, and the opportunity to make the most of new smart technology.

ECL has the philosophy, skills and assets that are some of the keys required to unlock the problems of health and social care in Essex and elsewhere, for example: providing 'social prescriptions' as part of the management of the growing number of people with diabetes; or the provision of flexible alternatives to acute care in hospital. ECL will focus on the services for the commissioners in Essex County Council and their partners in the CCGs, building from the three main services currently on offer – reablement, day opportunities and equipment services along with growing the business through expanding the range of customers for current services and providing related new services to current customers – this will meet the shareholder's need for a return that will make a material contribution to Essex County Council.

Although 2014-2015 has been a challenging year for ECL financially this reflects the investment the Group is making in improving services to customers. This year has seen a tremendous amount of work completed to understand processes to ensure efficiency is delivered across the whole business. The work has allowed a critical view to be taken to allow for the necessary changes to be made in preparation to deliver against the integration agenda.

Quality of services remains high on ECL's agenda with an internal team dedicated to ensuring regulatory standards are met across the whole business. All regulatory standards as laid down by the Care Quality Commission were met at our last inspection. In addition accreditation of ISO9001, an internationally accredited Quality Framework assurance ensures that systems and processes are in place to allow staff to maximise the customer experience. ECL also retained accreditation for OHSAS18001 and ISO14001.

Our staff are our most important asset and have been recognised for the quality of services they provide with the Group being shortlisted for 3 different national and regional awards during the year. ECL was the winner of the Social Care Community Support Provider at the 2015 Healthinvestor Awards.

The business recognises the challenges ahead and the need to plan for the changes in the health and social care sector, in particular recognising the changes brought about by the Care Act 2014, along with fulfilling the Group's potential for growth. A dedicated Commercial team has been set up to lead on the Group's strategy and commitment to becoming a more effective and desirable partner in the integrated health and social care marketplace.

Group strategic report (continued)
For the year ended 31 March 2015

Principal risks and uncertainties

The group aims to minimise financial risk by the directors preparing profit and cashflow forecasts, monitoring performance against these, and ensuring that adequate financing arrangements are in place.

Credit risk is minimised through the use of rigorous credit checks and credit limits which form an integral part of the group's internal controls.

This report was approved by the board on 16th September 2015 and signed on its behalf.

W Thomas

W Thomas
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 2015, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of the group's 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group strategic report and 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

Ian Thoroughgood (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Ipswich
Date: 25 September 2015

Consolidated profit and loss account

For the year ended 31 March 2015

	Note	2015 £	2014 £
Turnover	1,2	**42,277,418**	39,957,238
Cost of sales		**(13,534,396)**	(12,740,927)
Gross profit		**28,743,022**	27,216,311
Administrative expenses		**(28,443,456)**	(28,441,202)
Exceptional administrative expenses		**(1,664,543)**	-
Total administrative expenses		**(30,107,999)**	(28,441,202)
Operating loss	3	**(1,364,977)**	(1,224,891)
Interest receivable and similar income		**7,564**	5,292
Interest payable and similar charges	6	**(990)**	(987)
Other finance income	7	**977,000**	393,000
Loss on ordinary activities before taxation		**(381,403)**	(827,586)
Tax on loss on ordinary activities	9	**40,803**	38,435
Loss for the financial year	17	**(340,600)**	(789,151)

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 2015

	Note	2015 £	2014 £
Loss for the financial year		**(340,600)**	(789,151)
Actuarial (loss)/gain related to pension scheme	22	**(4,241,000)**	5,908,000
Total recognised gains and losses relating to the year		**(4,581,600)**	5,118,849

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

Consolidated balance sheet
As at 31 March 2015

	Note		2015		2014
		£	£	£	£
Fixed assets					
Tangible assets	10		**726,493**		1,039,596
Investments	11		**-**		-
			726,493		1,039,596
Current assets					
Stocks	12	**1,237,871**		1,322,028	
Debtors	13	**4,200,785**		6,554,189	
Cash at bank		**3,912,214**		450	
		9,350,870		7,876,667	
Creditors: amounts falling due within one year	14	**(5,893,700)**		(4,169,216)	
Net current assets			**3,457,170**		3,707,451
Total assets less current liabilities			**4,183,663**		4,747,047
Provisions for liabilities					
Other provisions	15		**(356,450)**		(406,234)
Net assets excluding pension scheme assets			**3,827,213**		4,340,813
Defined benefit pension scheme asset	22		**1,758,000**		5,826,000
Net assets including pension scheme assets			**5,585,213**		10,166,813
Capital and reserves					
Called up share capital	16		**100**		100
Profit and loss account	17		**5,585,113**		10,166,713
Shareholders' funds	18		**5,585,213**		10,166,813

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

16th September 2015

W Thomas

W Thomas
Director

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

Company balance sheet
As at 31 March 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	10		**726,493**		1,039,596
Investments	11		**300**		300
			726,793		1,039,896
Current assets					
Stocks	12	**1,237,871**		1,322,028	
Debtors	13	**4,838,790**		7,192,194	
Cash at bank		**3,912,214**		450	
		9,988,875		8,514,672	
Creditors: amounts falling due within one year	14	**(5,893,999)**		(4,169,515)	
Net current assets			**4,094,876**		4,345,157
Total assets less current liabilities			**4,821,669**		5,385,053
Provisions for liabilities					
Other provisions	15		**(356,450)**		(406,234)
Net assets excluding pension scheme assets			**4,465,219**		4,978,819
Defined benefit pension scheme (liability)/asset	22		**(1,693,000)**		433,000
Net assets including pension scheme assets			**2,772,219**		5,411,819
Capital and reserves					
Called up share capital	16		**100**		100
Profit and loss account	17		**2,772,119**		5,411,719
Shareholders' funds	18		**2,772,219**		5,411,819

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

16th September 2015

W Thomas
Director

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

Consolidated cash flow statement

For the year ended 31 March 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	19	**4,032,608**	25,882
Returns on investments and servicing of finance	20	**6,574**	4,305
Taxation		**54,520**	(93,096)
Capital expenditure and financial investment	20	**(161,296)**	(628,058)
Increase/(Decrease) in cash in the year		**3,932,406**	(690,967)

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

For the year ended 31 March 2015

	2015 £	2014 £
Increase/(Decrease) in cash in the year	**3,932,406**	(690,967)
Movement in net debt in the year	**3,932,406**	(690,967)
Net (debt)/funds at 1 April 2014	**(20,192)**	670,775
Net funds/(debt) at 31 March 2015	**3,912,214**	(20,192)

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

Notes to the financial statements
For the year ended 31 March 2015

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 group has access to an agreed borrowing facility with Essex County Council, its parent entity. The agreement is renewed annually to March, and the directors are not aware of any reasons as to why the facilitity would not be renewed beyond March 2016. The directors have also prepared a five-year plan for the shape of the business going forwards. Within the business, contracts with partners are either continuing or in the process of being renewed, and scenario analysis has been undertaken within the five-year plan for those contracts that are yet to be renewed.

On the basis of the above the directors consider it is appropriate to prepare the financial statements on a 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 group 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 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

Notes to the financial statements
For the year ended 31 March 2015

1. Accounting policies (continued)

1.7 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.8 Operating leases

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

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.10 Pensions

The group operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2015.

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.

1.11 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 2015

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:

	2015 £	2014 £
Essex Community Support	**15,411,002**	12,586,106
Essex Equipment Service	**16,387,067**	16,469,407
Essex Employment & Inclusion	**10,416,378**	10,838,961
Other	**62,971**	62,764
Total	**42,277,418**	39,957,238

3. Operating loss

The operating loss is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the group	**379,298**	354,855
Auditor's remuneration	**35,000**	33,750
Auditor's remuneration - non-audit	**4,750**	16,600
Operating lease rentals:		
- plant and machinery	**395,662**	383,112
- other operating leases	**1,369,389**	990,625

Notes to the financial statements
For the year ended 31 March 2015

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2015	2014
	£	£
Wages and salaries	15,345,298	15,919,561
Social security costs	952,660	984,677
Other pension costs (Note 22)	1,872,069	2,145,177
	18,170,027	19,049,415

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

	2015	2014
	No.	No.
Frontline staff	674	710
Support staff	302	269
Managerial staff	29	31
	1,005	1,010

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income (see note 7) and amounts recognised in the statement of recognised gains and losses as a result of applying FRS 17.

5. Directors' remuneration

	2015	2014
	£	£
Remuneration	260,938	440,053

During the year retirement benefits were accruing to 3 directors (2014 - 5) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £127,500 (2014 - £127,500).

Notes to the financial statements
For the year ended 31 March 2015

Remuneration

The Board have chosen to disclose the remuneration of key individuals (as defined by the Board), beyond the requirements of the Companies Act 2006. The below is therefore intended to show individual remuneration of directors as defined by the Companies Act 2006, and then of additional key individuals.

	2015	2014
	£	£
Directors as per Companies House:		
Mrs E J Chidgey	136,500	151,865
Mr P W George	18,205	16,056
Mr K Lynch		
Mr P J Martin	29,917	12,948
Mrs W J Grafton	66,042	78,915
Mr R G Walters	6,000	
Mr A J Jackson	9,494	21,699
Mr J M Coyle		
Mr J A Spence	6,069	
Sub-total - directors per Companies House	272,227	281,483
W Thomas	66,345	
B Greenberry	58,644	
Total	397,216	281,483

6. Interest payable

	2015	2014
	£	£
Interest paid to group undertakings	990	987

Notes to the financial statements

For the year ended 31 March 2015

7. Other finance income

	2015	2014
	£	£
Expected return on pension scheme assets	2,997,000	2,438,000
Interest on pension scheme liabilities	(2,020,000)	(2,045,000)
	977,000	393,000

8. Exceptional items

	2015	2014
	£	£
Restructuring costs	1,664,543	-

During the year Essex Cares Limited incurred significant costs relating to internal restructuring. These are not costs relating to a fundamental restructuring that has a material effect on the nature and focus of operations but instead relates to non-recurring costs incurred in preparing to deliver against the integration agenda, as noted in the Group Strategic Report. The directors consider that to best understand the results of the Group during the year these costs should be reported as an exceptional item.

9. Taxation

	2015	2014
	£	£
Analysis of tax credit in the year		
Adjustments in respect of prior periods	(40,803)	(38,435)
Deferred tax		
Origination and reversal of timing differences	-	(4,057)
Adjustment in respect of prior periods	-	4,057
Total deferred tax	-	-
Tax on loss on ordinary activities	(40,803)	(38,435)

Notes to the financial statements
For the year ended 31 March 2015

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20% (2014 - 23%). The differences are explained below:

	2015	2014
	£	£
Loss on ordinary activities before tax	**(381,403)**	(827,586)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 23%)	**(76,281)**	(190,345)
Effects of:		
Losses carried back	**-**	54,645
Adjustments to tax charge in respect of prior periods	**(40,803)**	(38,435)
Net expense not taxable under mutual trading agreement	**76,281**	135,700
Current tax credit for the year (see note above)	**(40,803)**	(38,435)

10. Tangible fixed assets

Group	Plant & machinery £	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 April 2014	**367,696**	**769,840**	**117,184**	**540,023**	**1,794,743**
Additions	**41,578**	**140,337**	**23,817**	**3,230**	**208,962**
Disposals	**-**	**(186,040)**	**(17,458)**	**-**	**(203,498)**
At 31 March 2015	**409,274**	**724,137**	**123,543**	**543,253**	**1,800,207**
Depreciation					
At 1 April 2014	**218,551**	**134,506**	**76,099**	**325,991**	**755,147**
Charge for the year	**38,657**	**133,415**	**27,257**	**179,969**	**379,298**
On disposals	**-**	**(52,712)**	**(8,019)**	**-**	**(60,731)**
At 31 March 2015	**257,208**	**215,209**	**95,337**	**505,960**	**1,073,714**
Net book value					
At 31 March 2015	**152,066**	**508,928**	**28,206**	**37,293**	**726,493**
At 31 March 2014	149,145	635,334	41,085	214,032	1,039,596

Notes to the financial statements

For the year ended 31 March 2015

Company	Plant & machinery £	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 April 2014	**367,696**	**769,840**	**117,184**	**540,023**	**1,794,743**
Additions	**41,578**	**140,337**	**23,817**	**3,230**	**208,962**
Disposals	**-**	**(186,040)**	**(17,458)**	**-**	**(203,498)**
At 31 March 2015	**409,274**	**724,137**	**123,543**	**543,253**	**1,800,207**
Depreciation					
At 1 April 2014	**218,551**	**134,506**	**76,099**	**325,991**	**755,147**
Charge for the year	**38,657**	**133,415**	**27,257**	**179,969**	**379,298**
On disposals	**-**	**(52,712)**	**(8,019)**	**-**	**(60,731)**
At 31 March 2015	**257,208**	**215,209**	**95,337**	**505,960**	**1,073,714**
Net book value					
At 31 March 2015	**152,066**	**508,928**	**28,206**	**37,293**	**726,493**
At 31 March 2014	149,145	635,334	41,085	214,032	1,039,596

11. Fixed asset investments

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2014 and 31 March 2015	**300**
Net book value	
At 31 March 2015	**300**
At 31 March 2014	300

Details of the principal subsidiaries can be found under note number 25.

Notes to the financial statements

For the year ended 31 March 2015

12. Stocks

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Finished goods	**1,237,871**	1,322,028	**1,237,871**	1,322,028

13. Debtors

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Due after more than one year				
Other debtors	**100**	100	**100**	100
Due within one year				
Trade debtors	**395,155**	420,942	**395,155**	420,942
Amounts owed by group undertakings	**3,210,081**	5,334,092	**3,848,086**	5,972,097
Other debtors	**40,804**	55,637	**40,804**	55,637
Prepayments and accrued income	**554,645**	743,418	**554,645**	743,418
	4,200,785	6,554,189	**4,838,790**	7,192,194

14. Creditors:
Amounts falling due within one year

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Overdrafts	**-**	20,642	**-**	20,642
Trade creditors	**223,150**	1,239,318	**223,150**	1,239,318
Amounts owed to group undertakings	**19,639**	114,474	**19,939**	114,774
Other taxation and social security	**268,200**	275,014	**268,200**	275,014
Other creditors	**127,785**	234,283	**127,784**	234,282
Accruals and deferred income	**5,254,926**	2,285,485	**5,254,926**	2,285,485
	5,893,700	4,169,216	**5,893,999**	4,169,515

Included within the above is £74,847 (2014 - £94,889) relating to outstanding pension payments.

Notes to the financial statements
For the year ended 31 March 2015

15. Provisions

Group	Buildings dilapidations provision £	Vehicle dilapidation provision £
At 1 April 2014	386,330	19,904
Movement in year	(59,216)	9,432
At 31 March 2015	327,114	29,336

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.

Vehicle dilapidation provision

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

Company	Buildings dilapidations provision £	Vehicle dilapidation provision £
At 1 April 2014	386,330	19,904
Additions	(59,216)	9,432
At 31 March 2015	327,114	29,336

Building 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 out to their original state.

Vehicle dilapidation provision

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

16. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

Notes to the financial statements
For the year ended 31 March 2015

17. Reserves

Group	Profit and loss account £
At 1 April 2014	**10,166,713**
Loss for the financial year	**(340,600)**
Pension reserve movement	**(4,241,000)**
At 31 March 2015	**5,585,113**

Company	Profit and loss account £
At 1 April 2014	**5,411,719**
Loss for the financial year	**(564,600)**
Pension reserve movement	**(2,075,000)**
At 31 March 2015	**2,772,119**

The closing balance on the Profit and loss account includes a £1,758,000 (2014 - £5,826,000) credit, stated after deferred taxation of £NIL (2014 - £NIL), in respect of pension scheme liabilities of the Group pension scheme.

Notes to the financial statements

For the year ended 31 March 2015

18. Reconciliation of movement in shareholders' funds

	2015	2014
Group	**£**	£
Opening shareholders' funds	**10,166,813**	5,047,964
Loss for the financial year	**(340,600)**	(789,151)
Other recognised gains and losses during the year	**(4,241,000)**	5,908,000
Closing shareholders' funds	**5,585,213**	10,166,813

	2015	2014
Company	**£**	£
Opening shareholders' funds	**5,411,819**	5,344,970
Loss for the financial year	**(564,600)**	(469,151)
Other recognised gains and losses during the year	**(2,075,000)**	536,000
Closing shareholders' funds	**2,772,219**	5,411,819

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 loss for the year dealt with in the accounts of the company was £564,600 (2014 - £469,151).

19. Net cash flow from operating activities

	2015	2014
	£	£
Operating loss	**(1,364,977)**	(1,224,891)
Depreciation of tangible fixed assets	**379,298**	354,855
Loss on disposal of tangible fixed assets	**95,101**	-
Decrease/(increase) in stocks	**84,157**	(189,728)
Decrease in debtors	**2,339,682**	1,484
Increase in creditors	**1,745,131**	424,284
Decrease in provisions	**(49,784)**	(264,122)
Defined benefit pension scheme charges	**804,000**	924,000
Net cash inflow from operating activities	**4,032,608**	25,882

Notes to the financial statements

For the year ended 31 March 2015

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

	2015	2014
	£	£
Returns on investments and servicing of finance		
Interest received	**7,564**	5,292
Interest paid	**(990)**	(987)
Net cash inflow from returns on investments and servicing of finance	**6,574**	4,305

	2015	2014
	£	£
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(208,962)**	(628,058)
Sale of tangible fixed assets	**47,666**	-
Net cash outflow from capital expenditure	**(161,296)**	(628,058)

21. Analysis of changes in net debt

	1 April 2014	Cash flow	Other non-cash changes	31 March 2015
	£	£	£	£
Cash at bank and in hand	450	3,911,764	-	3,912,214
Bank overdraft	(20,642)	20,642	-	-
Net debt	(20,192)	3,932,406	-	3,912,214

22. 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.

Notes to the financial statements

For the year ended 31 March 2015

22. Pension commitments (continued)

The amounts recognised in the Consolidated Balance sheet are as follows:

	2015	2014
	£	£
Present value of funded obligations	**(55,622,000)**	(44,233,000)
Fair value of scheme assets	**57,380,000**	50,059,000
Net asset	**1,758,000**	5,826,000

The amounts recognised in profit or loss are as follows:

	2015	2014
	£	£
Current service cost	**(1,670,000)**	(1,897,000)
Interest on obligation	**(2,020,000)**	(2,045,000)
Expected return on scheme assets	**2,997,000**	2,438,000
Gains on curtailments and settlements	**-**	(99,000)
Total	**(693,000)**	(1,603,000)
Actual return on scheme assets	**6,890,000**	3,745,000

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

	2015	2014
	£	£
Opening defined benefit obligation	**44,233,000**	44,437,000
Current service cost	**1,670,000**	1,897,000
Interest cost	**2,020,000**	2,045,000
Contributions by scheme participants	**520,000**	592,000
Actuarial Losses/(gains)	**8,134,000**	(4,012,000)
Losses on curtailments	**-**	99,000
Benefits paid	**(955,000)**	(825,000)
Closing defined benefit obligation	**55,622,000**	44,233,000

Notes to the financial statements

For the year ended 31 March 2015

22. Pension commitments (continued)

Changes in the fair value of scheme assets were as follows:

	2015	2014
	£	£
Opening fair value of scheme assets	**50,059,000**	44,886,000
Expected return on assets	**2,997,000**	2,438,000
Actuarial gains and (losses)	**3,893,000**	1,896,000
Contributions by employer	**866,000**	1,072,000
Contributions by scheme participants	**520,000**	592,000
Benefits paid	**(955,000)**	(825,000)
	57,380,000	50,059,000

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of total recognised gains and losses was a gain of £3,036,001 (2014 - £5,862,001).

The group expects to contribute £850,000 to its Defined benefit pension scheme in 2016.

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

	2015	2014
Equities	**67.00 %**	67.00 %
Government bonds	**4.00 %**	8.00 %
Other bonds	**10.00 %**	8.00 %
Property	**11.00 %**	11.00 %
Cash/Liquidity	**2.00 %**	2.00 %
Alternative assets	**6.00 %**	4.00 %

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

	2015	2014
Discount rate at 31 March	**3.40 %**	4.50 %
Expected return on scheme assets at 31 March	**6.00 %**	6.00 %
Future salary increases	**2.80 %**	3.10 %
Future pension increases	**2.05 %**	2.35 %
Inflation - RPI	**3.05 %**	3.35 %
Inflation - CPI	**2.05 %**	2.35 %

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2015	2014
Retiring today		
Males	**22.8**	22.7
Females	**25.2**	25.1
Retiring in 20 years		
Males	**25.1**	24.9
Females	**27.6**	27.4

Notes to the financial statements

For the year ended 31 March 2015

22. Pension commitments (continued)

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2015	2014	2013	2012	2011
	£	£	£	£	£
Defined benefit obligation	**(55,622,000)**	(44,233,000)	(44,437,000)	(39,739,000)	(31,242,000)
Scheme assets	**57,380,000**	50,059,000	44,886,000	39,196,000	37,133,000
Surplus/(deficit)	**1,758,000**	5,826,000	449,000	(543,000)	5,891,000
Experience adjustments on scheme liabilities	**(8,134,000)**	4,012,000	(999,000)	(4,407,000)	12,030,001
Experience adjustments on scheme assets	**3,893,000**	1,896,000	2,622,000	(2,132,000)	(10,812,000)

23. Operating lease commitments

At 31 March 2015 the group and company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2015	2014	**2015**	2014
Group and company	**£**	£	**£**	£
Expiry date:				
Within 1 year	**-**	103,100	**133,048**	149,022
Between 2 and 5 years	**72,400**	-	**34,063**	29,397

Notes to the financial statements
For the year ended 31 March 2015

24. 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 group'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 group. 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 group'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 2015 of £4,004,188 (2014 - £3,716,825) has been treated as a contingent asset.

25. 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
ECL Trading Limited	England and Wales	100	Dormant