

Registered number: 06723149

ESSEX CARES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020



ESSEX CARES LIMITED

COMPANY INFORMATION

Directors	K Lynch G R Benn J T Coogan P A Channer M A McDonagh C L Shuter
Company secretary	Essex Legal Services Limited
Registered number	06723149
Registered office	Seax House Victoria Road South Chelmsford Essex CM1 1QH
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Priory Place New London Road Chelmsford Essex CM2 0PP

ESSEX CARES LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 6
Independent Auditor's Report	7 - 10
Consolidated Statement of Comprehensive Income	11
Consolidated Statement of Financial Position	12 - 13
Company Statement of Financial Position	14 - 15
Consolidated Statement of Changes in Equity	16
Company Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18 - 19
Notes to the Financial Statements	20 - 43

ESSEX CARES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Principal activities

The principal activities of the Company and the Group are those of providing social care and associated products and services.

Business review

ECL's year has been one of growth and financial efficiency throughout 2019-20. Due to the Group's reputation for high quality and innovative services two major long-term contracts were awarded for Equipment Services and Day Opportunities in Essex, both starting in April 2020.

The year also saw the successful stabilisation and growth of the Reablement contract that was awarded to ECL following the financial collapse of Allied Healthcare. This successful turnaround has meant that revenues increased as the block contract was steadily increased through the year as strong recruitment and retention allowed volumes to increase.

West Sussex Reablement continued to grow and perform to its already high standard and the Sensory department managed to procure a new additional block contract with the goal of expanding the outcomes for those who use it around the county. A new Supported Living property was purchased, and work has begun to ensure this will be operational in the next financial year, supplementing the already existing property in the Chelmsford area.

We also added another region to the Regulated portfolio in the form of the London Borough of Havering which was the first of an initial three-year block contract. This expansion positions the Company well for further opportunities.

Principal risks and uncertainties

Uncertainties exist around the global pandemic that hit every industry in March 2020, and ECL is not an exception to that. Not only have we had to cope with unprecedented levels of staff absence but the referrals of cases also dropped due to hospitals coping with the pandemic conditions. To date this has affected Regulated, Equipment Services and Day Opportunities contracts as we have had to close some of the locations as well as losing private customers due to shielding. This major uncertainty is referred to more in the going concern considerations below.

Another principal risk that ECL faces going forward is the roll-out of a new enterprise resource planning system which aims to provide synergies across all the operational and back office functions to ensure a golden thread for staffing and customers alike. This is the first major systems implementation that the Company has embarked upon in a stand alone capacity and there are inherent risks not just with the implementation of the new system but the de-coupling from legacy systems currently provided by ECC.

Financial key performance indicators

KPI's for the financial year 2019/20 show that Income has increased from £40.456m to £45.591m, an increase of 12.7%. The growth of the Essex Reablement contract, the addition of the Havering Reablement contract and the expansion of the Equipment Service have resulted in a very favourable year on year increase.

Profit of £2.089m (prior to pension) has increased from the previous year (2018/19: £670k) due to the aforementioned revenue expansion and the improved utilisation of staff whereby they are accomplishing what is expected or even more with less than was budgeted for full time equivalent staff.

Current Ratio compared to the prior year has increased from 1.60 to 1.83 and reflects the effective management of the contract relationships, the growth of the business, and ensuring that liabilities with our shareholder are settled as promptly as cash flow allows. This enables a much-improved ability to provide investment as the Company and Group look to expand both in service and geographic coverage as part of the longer term strategy.

ESSEX CARES LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Employee Costs have as a percentage of revenue increased by 8.0% between 2018/19 and 2019/20 to 53.9% due to the expansion of the Reablement contracts with all local authorities, including the addition of Havering.

Directors' statement of compliance with duty to promote the success of the Group ("s172 statement")

The Board of ECL consider that they have acted, in good faith, and their actions have been to promote the success of the Company and Group for the benefit of all its members as a whole (inclusive of shareholders and employees alike). In doing so they have considered:

- Long Term consequences – all decisions that affect the Group financially, operationally, ethically and reputationally on a material scale are agreed by a unanimous committee and are referenced back to the Group business plan that has been approved by its Board and Shareholder.
- Employees – our performance is driven by a team of motivated and dedicated staff who we know through our staff surveys are highly engaged and proud to work for such a reputable and effective organisation.
- Group suppliers and customers – long term contracts for services are preferable and negotiated to ensure viability for both sides, which works for both suppliers and customers, and we always look to promote working with customers who we believe we can make a real difference to their lives.
- Community and Environmental impact – being a social care organisation automatically has an impact on the community, although the ethos and drive that has come through operational and financial control has enabled the Group to garner a good market share and as our relationship with our shareholders and customers improves due to the efficiencies and overall social care savings we are able to implement, the greater our standing becomes in the community.
- Maintaining high standards – the outstanding contractual key performance indicators prove that we are delivering on our promises to those who commission our services. Our CQC inspections this year were "Outstanding" providing independent affirmation of the quality of our services.
- Acting fairly – we aim to behave in an ethical manner and regularly review codes of conduct and governance. Our policies and procedures are tested through internal and external audits. Any infringements to the fair behaviour of the Group are dealt with appropriately and within the confines of all legislative guidelines.

This report was approved by the board on 14/12/2020 and signed on its behalf.



K Lynch
Director

ESSEX CARES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

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

Results and dividends

The profit for the year, after taxation, but before other gains and losses amounted to £1,839,169 (2019: £620,871).

During the year, the Company paid dividends totalling £333,631 (2018: £Nil). No final dividend is proposed.

Directors

The directors who served during the year were:

K Lynch
G R Benn
J T Coogan
P A Channer
M A McDonagh (appointed 1 September 2019)
C L Shuter (appointed 1 June 2019)
P W George (resigned 31 December 2019)
P J Martin (resigned 31 August 2020)
W Thomas (resigned 31 March 2020)

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and 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 judgements 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.

ESSEX CARES LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Future developments

The Enablement services will continue to expand through the next financial year and we are working with Essex County Council (ECC) to determine the timing and profile of this. In all of our areas of operation, demand for Reablement services exceeds supply and as such we will continue to grow the workforce.

The launch of a new Reablement service in the London Borough of Havering commenced on 1st April and therefore represents further growth externally to our home borders and contributes to the long term vision and strategy of the Group and its shareholder.

Contract discussions are underway with ECC and Health Partners regarding the possible award of a long term community equipment contract. Any further contract plans that are outside the scope of Essex County Council direct awards are not considered appropriate to disclose due to their commercially sensitive nature.

Engagement with employees

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 an employee forum in order to further enhance employee involvement. This is attended by directors to ensure that feedback is acted upon. In addition there are annual employee roadshows and regular monthly newsletters.

Engagement with suppliers, customers and others

Please refer to the s172 statement in the strategic report for commentary on the Group's engagement with stakeholders.

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.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group's greenhouse gas emissions and energy consumption are as follows:

Energy Consumption (kWh)

Electricity	1,041,988
Natural Gas	3,322,959
Transport Fuels	4,364,483
Other Fuels	-
Total	8,729,430

Methodology**Conversion Factors**

All conversion factors and fuel properties used in this report have been taken from the 2020 "UK Government Greenhouse Gas Conversion Factors for Company Reporting" published by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food & Rural Affairs (DEFRA). All greenhouse gas emissions have been converted and expressed in terms of their carbon dioxide equivalence.

ESSEX CARES LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Utilities

Where possible, energy consumption expressed in kilowatt-hours has been taken from suppliers' invoices. Estimations have been made where actual consumption was not available, such as multi-tenanted sites with landlord controlled supplies. Actual electricity consumption was available for 18 day care centres, and gas consumption for 10 day care centres, which was used to calculate an average annual kWh/m² benchmark, which in turn was used to estimate the consumption for the remaining day care centres. Electricity and gas consumption for the remaining sites has been estimated using benchmarks from "CIBSE TM46: Energy Benchmarks" (Categories 1, 7, 16, 21 & 28). 35% of electricity consumption and 60% of gas consumption has been estimated. Conversion factors for the average UK generation mix have been used to calculate greenhouse gas emissions.

Transport

For company-owned vans and pool cars only the cost of fuel is recorded. The average fuel price for the period, taken from "Monthly and annual prices of road fuels and petroleum products" published by BEIS and the Office for National Statistics, has been used to estimate the volume of fuel consumed. The conversion factors for average forecourt blends' net calorific values have been used to calculate greenhouse gas emissions and underlying energy use. Where staff drive their personal vehicles and are reimbursed via mileage claims the conversion factor for an average passenger vehicle with unknown fuel has been used to estimate the greenhouse gas emissions and underlying energy use per mile. A small amount of petrol which is used to fuel lawnmowers has been included in the transport figures as it was not practical to separate.

Other Fuels

No other fuels are used.

Energy Efficiency

The process of completing SECR presented problems with collecting consumption data in a timely manner. As a result we have appointed an energy broker to consolidate our supplies and facilitate better data collection and energy management. For the same purpose, we intend to update our expenses system to include more information relevant to company transport.

Greenhouse Gas Emissions (tCO₂e)

From Combustion of Fuel	
Natural Gas	610.99
Transport Fuel for Company Vehicles	248.53
Transport Fuel for Staff Vehicles	840.05
Other Fuels	-
Subtotal	1,699.57
From Other Activities inc. Process & Fugitive	-
From Purchased Electricity, Steam, Heat & Cooling	242.93
Subtotal	242.93
Total Gross Emissions	1,942.50
Renewable Electricity	-
Carbon Offsets	-
Domestic Carbon Units	-
Total Net Emissions	1,942.50

ESSEX CARES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Intensity Ratios

Annual kWh per m2 Gross Floor Area	467.89
Annual kgCO2e per m2 Gross Floor Area	104.12

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

This report was approved by the board on 14/12/2020 and signed on its behalf.

K Lynch

K Lynch
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSEX CARES LIMITED

Opinion

We have audited the financial statements of Essex Cares Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2020, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows, 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 Group's and of the parent Company's affairs as at 31 March 2020 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.

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 Group and the parent Company 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

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 directors 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 Company'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 Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSEX CARES LIMITED (CONTINUED)

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company'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.

In our evaluation of the directors' conclusions, we considered the risks associated with the Group's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are 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 Company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSEX CARES LIMITED (CONTINUED)

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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 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.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors 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 the directors 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 directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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 these 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSEX CARES LIMITED (CONTINUED)

Use of our report

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.

Grant Thornton UK LLP

Timothy Taylor FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Chelmsford
Date: 14/12/2020

ESSEX CARES LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
Turnover		45,590,624	40,455,587
Cost of sales		(7,796,883)	(10,815,295)
Gross profit		37,793,741	29,640,292
Administrative expenses		(35,835,362)	(29,014,904)
Operating profit	5	1,958,379	625,388
Interest receivable and similar income	9	9,400	5,414
Interest payable and similar expenses	10	(24,272)	(30,599)
Other finance income	11	145,000	70,000
Profit before taxation		2,088,507	670,203
Tax on profit	12	(249,338)	(49,332)
Profit for the financial year		1,839,169	620,871
Actuarial gains on defined benefit pension scheme		2,166,000	5,386,000
Other comprehensive income for the year		2,166,000	5,386,000
Total comprehensive income for the year		4,005,169	6,006,871

There were no recognised gains and losses for 2020 or 2019 other than those included in the Consolidated Statement of Comprehensive Income.

The notes on pages 20 to 43 form part of these financial statements.

ESSEX CARES LIMITED
REGISTERED NUMBER:06723149

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	14	210,402	22,609
Tangible assets	15	1,669,585	1,218,354
		<u>1,879,987</u>	<u>1,240,963</u>
Current assets			
Stocks	17	1,072,554	843,135
Debtors: amounts falling due after more than one year	18	100	100
Debtors: amounts falling due within one year	18	11,467,485	9,409,597
Cash at bank and in hand	19	713,061	258,937
		<u>13,253,200</u>	<u>10,511,769</u>
Creditors: amounts falling due within one year	21	(7,226,709)	(6,572,861)
Net current assets		<u>6,026,491</u>	<u>3,938,908</u>
Total assets less current liabilities		<u>7,906,478</u>	<u>5,179,871</u>
Creditors: amounts falling due after more than one year	22	(263,365)	(331,130)
Provisions for liabilities			
Other provisions		(253,526)	(262,692)
		<u>(253,526)</u>	<u>(262,692)</u>
Net assets excluding pension asset		<u>7,389,587</u>	<u>4,586,049</u>
Pension asset	28	6,207,000	5,339,000
Net assets		<u><u>13,596,587</u></u>	<u><u>9,925,049</u></u>

ESSEX CARES LIMITED
REGISTERED NUMBER:06723149

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Capital and reserves			
Called up share capital	26	100	100
Profit and loss account	27	13,596,487	9,924,949
Equity attributable to owners of the parent Company		<u>13,596,587</u>	<u>9,925,049</u>
		<u>13,596,587</u>	<u>9,925,049</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14/12/2020

Keir Lynch

K Lynch
 Director

The notes on pages 20 to 43 form part of these financial statements.

ESSEX CARES LIMITED
REGISTERED NUMBER:06723149

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	14	210,402	22,609
Tangible assets	15	1,669,585	1,218,354
Investments	16	300	300
		<u>1,880,287</u>	<u>1,241,263</u>
Current assets			
Stocks	17	1,072,554	843,135
Debtors: amounts falling due after more than one year	18	100	100
Debtors: amounts falling due within one year	18	12,105,187	10,047,299
Cash at bank and in hand	19	713,061	258,937
		<u>13,890,902</u>	<u>11,149,471</u>
Creditors: amounts falling due within one year	21	(7,226,709)	(6,572,861)
Net current assets		<u>6,664,193</u>	<u>4,576,610</u>
Total assets less current liabilities		<u>8,544,480</u>	<u>5,817,873</u>
Creditors: amounts falling due after more than one year	22	(263,365)	(331,130)
Provisions for liabilities			
Other provisions		(253,526)	(262,692)
		<u>(253,526)</u>	<u>(262,692)</u>
Net assets excluding pension asset		<u>8,027,589</u>	<u>5,224,051</u>
Pension asset	28	734,000	351,000
Net assets		<u><u>8,761,589</u></u>	<u><u>5,575,051</u></u>

ESSEX CARES LIMITED
REGISTERED NUMBER:06723149

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Capital and reserves			
Called up share capital	26	100	100
Profit and loss account	27	8,761,489	5,574,951
		<u>8,761,589</u>	<u>5,575,051</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
14/12/2020

Kir Lynch

K Lynch
Director

The notes on pages 20 to 43 form part of these financial statements.

ESSEX CARES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2019	100	9,924,949	9,925,049
Comprehensive income for the year			
Profit for the year	-	1,839,169	1,839,169
Actuarial gains on pension scheme	-	2,166,000	2,166,000
Total comprehensive income for the year	-	4,005,169	4,005,169
Dividends: Equity capital	-	(333,631)	(333,631)
At 31 March 2020	100	13,596,487	13,596,587

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	100	3,918,078	3,918,178
Comprehensive income for the year			
Profit for the year	-	620,871	620,871
Actuarial gains on pension scheme	-	5,386,000	5,386,000
Total comprehensive income for the year	-	6,006,871	6,006,871
At 31 March 2019	100	9,924,949	9,925,049

The notes on pages 20 to 43 form part of these financial statements.

ESSEX CARES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2019	100	5,574,951	5,575,051
Comprehensive income for the year			
Profit for the year	-	2,954,169	2,954,169
Actuarial gains on pension scheme	-	566,000	566,000
	-	3,520,169	3,520,169
Total comprehensive income for the year			
Contributions by and distributions to owners			
Dividends: Equity capital	-	(333,631)	(333,631)
At 31 March 2020	100	8,761,489	8,761,589

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	100	2,382,080	2,382,180
Comprehensive income for the year			
Profit for the year	-	2,651,871	2,651,871
Actuarial gains on pension scheme	-	541,000	541,000
	-	3,192,871	3,192,871
Total comprehensive income for the year			
At 31 March 2019	100	5,574,951	5,575,051

The notes on pages 20 to 43 form part of these financial statements.

ESSEX CARES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	1,839,169	620,871
Adjustments for:		
Amortisation of intangible assets	41,497	111,884
Depreciation of tangible assets	228,682	296,463
Interest paid	24,272	30,599
Interest received	(9,400)	(75,414)
Taxation charge	249,338	49,332
(Increase)/decrease in stocks	(229,419)	36,291
(Increase) in debtors	(2,055,762)	(2,688,168)
Increase in creditors	383,951	261,107
(Decrease)/increase in provisions	(9,166)	3,333
Net pension movement before actuarial gains	1,298,000	2,247,000
Corporation tax (paid)/received	(49,332)	-
Net cash generated from operating activities	1,711,830	893,298
Cash flows from investing activities		
Purchase of intangible fixed assets	(229,290)	(7,115)
Purchase of tangible fixed assets	(679,913)	(607,967)
Interest received	9,400	5,414
Net cash from investing activities	(899,803)	(609,668)

ESSEX CARES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Cash flows from financing activities		
Dividends paid	(333,631)	-
Interest paid	(24,272)	(30,599)
Net cash used in financing activities	<u>(357,903)</u>	<u>(30,599)</u>
Net increase in cash and cash equivalents	<u>454,124</u>	<u>253,031</u>
Cash and cash equivalents at beginning of year	258,937	5,906
Cash and cash equivalents at the end of year	<u><u>713,061</u></u>	<u><u>258,937</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	713,061	258,937
	<u><u>713,061</u></u>	<u><u>258,937</u></u>

The notes on pages 20 to 43 form part of these financial statements.

An analysis of changes in net debt is shown in note 20.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. General information

Essex Cares Limited is a private company limited by shares and incorporated in England and Wales. The registered head office is located at Seax House, Victoria Road South, Chelmsford, Essex, CM1 1QH.

The principal activities of the Company and the Group are those of providing social care and associated products and services.

The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company and Group for the year ended 31 March 2020.

Company registered number: 06723149.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the Company and are rounded to the nearest £.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)**2.3 Going concern**

During the Covid-19 crisis, Essex Cares Limited's shareholder, Essex County Council, along with other non-mutual local authority providers, gave contract guarantees for income relating to the provision of services from ECL, albeit at a reduced level for some. This created a sustainable level of cashflow to be able to offset the liabilities being incurred and we have now recovered to pre-Covid operational levels in our local authority endeavours. The furlough scheme was used minimally, and all best and worst case scenarios of all contracts have been assessed, which gives confidence to the Board and Directors that the Company is able to operate as a going concern for a period of no less than 12 months from the date of approving the financial statements.

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 have received confirmation that the parent Company is not aware of any reasons as to why the facility would not be renewed beyond March 2021. The directors have prepared their budget and cashflow forecasts on this basis.

In preparing the budget and cashflow forecasts, the directors acknowledge that the working capital cycle is reliant upon the payment and receipt of amounts owed to, and due from, Essex County Council. In light of this, the directors have obtained assurance from Essex County Council that balances due will not be required without the payment of amounts owed to the Group, enabling the Group to meet liabilities as they fall due.

On the basis of the above, the directors consider it is appropriate to prepare the financial statements on a going concern basis.

2.4 Revenue

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. In addition, there is also the recognition of ancillary handling and transit charges. Refurbishment charges are recognised and scrappage is borne at the cost of the third party.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Software	-	33% straight line
----------	---	-------------------

Amortisation is charged to the Statement of Comprehensive Income and included within administrative expenses.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)**2.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land & Buildings	- 20 years straight line
L/Term Leasehold Property	- 10 years straight line
Plant & machinery	- 2 to 10 years straight line
Fixtures & fittings	- 5 years straight line
Office equipment	- 5 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its net realisable value. The impairment loss is recognised immediately in Statement of Comprehensive Income.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)**2.11 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.12 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.14 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.16 Pensions

Defined benefit pension plan

The Group participates in the Essex Pension Fund, which is a defined benefit plan, for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation in respect of the Company and its subsidiaries. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit asset'.

The cost of the defined benefit plan, recognised in the Statement of Comprehensive Income as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised the Statement of Comprehensive Income as a 'finance expense'.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.17 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements:

Defined benefit pension schemes

The Group participates in the Essex Pension Fund and the West Sussex County Council Pension Fund which have a number of inputs into the valuations. Note 27 shows the assumptions used in arriving at the valuation disclosed. The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

4. Analysis of turnover

All turnover in the year was earned in the United Kingdom. Analysis of turnover by business area is as follows:

	2020 £	2019 £
Mid Essex	5,939,744	4,774,588
North Essex	6,200,917	4,502,977
South Essex	9,885,295	7,923,420
West Essex	4,963,556	4,268,757
West Sussex	2,720,840	2,611,265
Sensory	1,066,735	708,465
Havering	1,875,309	-
Essex Equipment Services	12,936,397	15,661,946
Other	1,831	4,169
	<u>45,590,624</u>	<u>40,455,587</u>

5. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	228,682	296,463
Amortisation of intangible assets, including goodwill	41,497	111,884
Other operating lease rentals	1,443,160	1,416,887
Defined benefit pension cost	1,443,000	2,768,000
	<u>3,156,341</u>	<u>4,593,234</u>

6. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>37,500</u>	<u>37,000</u>
Fees payable to the Group's auditor and its associates in respect of:		
Accounts preparation	3,500	3,400
Other services relating to taxation	<u>20,002</u>	<u>10,000</u>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

7. Employees

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	21,843,354	16,488,489	3,194,642	2,362,171
Social security costs	1,627,907	1,239,762	238,085	205,899
Cost of defined benefit scheme	1,115,342	850,682	163,121	141,281
	<u>24,586,603</u>	<u>18,578,933</u>	<u>3,595,848</u>	<u>2,709,351</u>

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

	2020 No.	2019 No.
Frontline staff	842	627
Support staff	238	238
Managerial staff	161	101
	<u>1,241</u>	<u>966</u>

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	<u>819,371</u>	<u>637,787</u>

During the year retirement benefits were accruing to 5 directors (2019: 4) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £200,738 (2019 - £183,944).

The amount of the accrued lump sum in respect of the highest paid director at 31 March 2020 amounted to £63,036 (2019 - £61,200).

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

9. Interest receivable

	2020 £	2019 £
Other interest receivable	9,400	5,414

10. Interest payable and similar expenses

	2020 £	2019 £
Other interest payable	24,272	30,599

11. Other finance income

	2020 £	2019 £
Net interest on net defined benefit scheme	145,000	70,000

12. Taxation

	2020 £	2019 £
Corporation tax		
UK corporation tax at 19.00% (PY: 19.00%)	257,177	49,270
Adjustments in respect of prior periods	(5,713)	62
Total current tax	251,464	49,332
Deferred tax		
Origination and reversal of timing differences	(2,126)	-
Total deferred tax	(2,126)	-
Taxation on profit on ordinary activities	249,338	49,332

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>2,088,507</u>	<u>2,701,203</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	396,816	513,229
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,623	4,113
Adjustments to tax charge in respect of prior periods	(5,713)	62
Amounts relating to other comprehensive income or otherwise transferred	107,540	(3,420)
Adjustments to brought forward values	66,690	-
Adjustments to losses	-	(126,708)
Timing differences not recognised in the computation	(139,460)	-
Non-taxable income	(177,031)	(298,114)
Adjust closing deferred tax to average rate of 19.00%	-	399
Adjust opening deferred tax to average rate of 19.00%	-	(4,591)
Deferred tax charged directly to equity	-	(35,638)
Remeasurement of deferred tax for changes in tax rates	(224)	-
Deferred tax not recognised	(1,903)	-
Total tax charge for the year	<u><u>249,338</u></u>	<u><u>49,332</u></u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2019 (on 26 October 2016) and Finance Bill 2017 (on 7 September 2017). On 17th March 2020, the Finance Bill 2019 - 21 was enacted, retaining the UK corporation tax rate at 19%. Deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements.

13. Dividends

	2020 £	2019 £
Dividends paid	<u><u>333,631</u></u>	<u><u>-</u></u>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

14. Intangible assets

Group and Company

	Computer software £
Cost	
At 1 April 2019	940,013
Additions	229,290
At 31 March 2020	<u>1,169,303</u>
Amortisation	
At 1 April 2019	917,404
Charge for the year	41,497
At 31 March 2020	<u>958,901</u>
Net book value	
At 31 March 2020	<u><u>210,402</u></u>
At 31 March 2019	<u><u>22,609</u></u>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

15. Tangible fixed assets**Group and Company**

	Land & buildings £	L/Term Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Office equipment £	Total £
Cost						
At 1 April 2019	542,242	610,409	575,937	965,920	191,401	2,885,909
Additions	287,023	-	8,335	97,797	286,758	679,913
At 31 March 2020	<u>829,265</u>	<u>610,409</u>	<u>584,272</u>	<u>1,063,717</u>	<u>478,159</u>	<u>3,565,822</u>
Depreciation						
At 1 April 2019	2,872	244,164	413,781	856,004	150,734	1,667,555
Charge for the year on owned assets	10,083	61,041	56,608	57,727	43,223	228,682
At 31 March 2020	<u>12,955</u>	<u>305,205</u>	<u>470,389</u>	<u>913,731</u>	<u>193,957</u>	<u>1,896,237</u>
Net book value						
At 31 March 2020	<u>816,310</u>	<u>305,204</u>	<u>113,883</u>	<u>149,986</u>	<u>284,202</u>	<u>1,669,585</u>
At 31 March 2019	<u>539,370</u>	<u>366,245</u>	<u>162,156</u>	<u>109,916</u>	<u>40,667</u>	<u>1,218,354</u>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

16. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2019	300
At 31 March 2020	<u>300</u>

17. Stocks

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Finished goods and goods for resale	<u>1,072,554</u>	<u>843,135</u>	<u>1,072,554</u>	<u>843,135</u>

Stock recognised in cost of sales during the year as an expense was £7,796,883 (2019: £10,815,915).

An impairment loss of £Nil (2019: £Nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

18. Debtors

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Due after more than one year				
Other debtors	100	<i>100</i>	100	<i>100</i>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Due within one year				
Trade debtors	146,316	<i>410,000</i>	146,316	<i>410,000</i>
Amounts owed by parent company	6,908,388	<i>4,573,099</i>	7,546,090	<i>4,573,099</i>
Amounts owed by group companies	-	<i>-</i>	-	<i>637,702</i>
Prepayments and accrued income	4,410,655	<i>4,426,498</i>	4,410,655	<i>4,426,498</i>
Deferred taxation	2,126	<i>-</i>	2,126	<i>-</i>
	<hr/> <hr/> 11,467,485	<hr/> <hr/> <i>9,409,597</i>	<hr/> <hr/> 12,105,187	<hr/> <hr/> <i>10,047,299</i>

Trade receivables are stated net of an amount provided for doubtful debts. The provision at the year end was £145,716 (2019: £191,171).

19. Cash and cash equivalents

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Cash at bank and in hand	713,061	<i>258,937</i>	713,061	<i>258,937</i>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

20. Analysis of changes in net debt

	As at 1 April 2019 £	Cash flows £	Non-cash changes £	As at 31 March 2020 £
Cash at bank and in hand	258,937	454,124	-	713,061
Treasury funds	408,000	1,569,000	-	1,977,000
	<hr/> <hr/> 666,937	<hr/> <hr/> 2,023,124	<hr/> <hr/> -	<hr/> <hr/> 2,690,061

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

21. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	711,612	786,366	711,612	786,366
Amounts owed to parent undertakings	693,249	1,269,633	693,249	1,269,633
Corporation tax	251,464	49,332	251,464	49,332
Other taxation and social security	1,047,603	484,189	1,047,603	484,189
L/Term leasehold property obligation	67,806	67,633	67,806	67,633
Accruals and deferred income	4,454,975	3,915,708	4,454,975	3,915,708
	<u>7,226,709</u>	<u>6,572,861</u>	<u>7,226,709</u>	<u>6,572,861</u>

22. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
L/Term leasehold property obligation	<u>263,365</u>	<u>331,130</u>	<u>263,365</u>	<u>331,130</u>

23. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets measured at amortised cost	<u>12,178,520</u>	<u>9,668,634</u>	<u>12,816,222</u>	<u>10,306,336</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(5,859,836)</u>	<u>(5,971,707)</u>	<u>(5,859,836)</u>	<u>(5,971,707)</u>

Financial assets measured at amortised cost comprise of cash, trade debtors, amounts owed by related entities, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise of bank overdrafts, trade creditors, amounts owed to related entities and accruals.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

24. Deferred taxation

Group

**2020
£**

Charged to Statement of Comprehensive Income

2,126

At end of year

2,126

Company

**2020
£**

Charged to Statement of Comprehensive Income

2,126

At end of year

2,126

The deferred tax asset is made up as follows:

	Group 2020 £	Company 2020 £
Short term timing differences	2,126	2,126

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

25. Provisions

Group and Company

	Buildings dilapidations provision £	Total £
At 1 April 2019	262,692	262,692
Utilised in year	(9,166)	(9,166)
At 31 March 2020	253,526	253,526

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.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

26. Share capital

	2020	2019
	£	£
Allotted, called up and unpaid		
100 (2019 - 100) Ordinary shares of £1 each	100	100

Share capital represents the nominal value of equity shares. The shares have attached to them voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

27. Reserves

Profit & loss account

Includes all current and prior period profits and losses.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

28. Pension commitments

The Group participates in the Essex Pension Fund and the West Sussex County Council Pension Fund which are Defined Benefit Pension Schemes.

The assets of the schemes 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 102 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.

Reconciliation of present value of plan liabilities:

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
At the beginning of the year	77,792,000	72,528,000	16,901,000	15,769,000
Current service cost	1,638,000	1,599,000	357,000	356,000
Interest cost	1,851,000	1,868,000	405,000	410,000
Actuarial gains/losses	(6,290,000)	4,098,000	(931,000)	1,122,000
Contributions	259,000	256,000	57,000	59,000
Benefits paid	(1,799,000)	(1,559,000)	(287,000)	(240,000)
Loss on settlement or curtailment	301,000	45,000	26,000	-
Change in demographic assumptions	(677,000)	(3,938,000)	(84,000)	(575,000)
Experience loss on defined benefit obligation	(1,721,000)	-	(1,804,000)	-
Transfer of employees under new contract	-	2,895,000	-	-
	71,354,000	<i>77,792,000</i>	14,640,000	<i>16,901,000</i>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

28. Pension commitments (continued)

Reconciliation of present value of plan assets:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
At the beginning of the year	83,648,000	76,494,000	17,769,000	16,522,000
Interest income	1,996,000	1,965,000	426,000	431,000
Return on assets less interest	(6,038,000)	4,200,000	(1,083,000)	808,000
Contributions	777,000	777,000	239,000	252,000
Benefits paid	(1,798,000)	(1,559,000)	(287,000)	(240,000)
Other actuarial gains/(losses)	344,000	-	(342,000)	-
Administration expenses	(22,000)	(27,000)	(3,000)	(4,000)
Loss on settlement or curtailment	(1,000)	-	-	-
Transfer of employees under new contract	-	1,798,000	-	-
At the end of the year	78,906,000	83,648,000	16,719,000	17,769,000

Composition of plan assets:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Equities	45,398,000	51,302,000	8,997,000	10,285,000
Gilts	3,106,000	4,073,000	425,000	576,000
Other bonds	7,039,000	6,973,000	3,271,000	3,123,000
Property	7,028,000	7,444,000	1,435,000	1,587,000
Cash	3,406,000	2,297,000	821,000	563,000
Alternative assets	8,298,000	7,482,000	1,136,000	1,058,000
Other managed funds	4,631,000	4,077,000	634,000	577,000
	78,906,000	83,648,000	16,719,000	17,769,000

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

28. Pension commitments (continued)

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Fair value of plan assets	78,906,000	<i>83,648,000</i>	16,719,000	<i>17,769,000</i>
Present value of plan liabilities	(71,354,000)	<i>(77,792,000)</i>	(14,640,000)	<i>(16,901,000)</i>
Impact of asset ceiling	(1,345,000)	<i>(517,000)</i>	(1,345,000)	<i>(517,000)</i>
	6,207,000	<i>5,339,000</i>	734,000	<i>351,000</i>

The amounts recognised in profit or loss are as follows:

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Current service cost	(1,939,000)	<i>(2,741,000)</i>	(383,000)	<i>(356,000)</i>
Interest on defined benefit scheme	145,000	<i>70,000</i>	21,000	<i>21,000</i>
Administration expenses	(22,000)	<i>(27,000)</i>	(3,000)	<i>(4,000)</i>
	(1,816,000)	<i>(2,698,000)</i>	(365,000)	<i>(339,000)</i>

The Group expects to contribute £287,000 (2019: £557,000) to its Defined Benefit Pension Scheme in 2020.

The Company expects to contribute £115,000 (2019: £192,000) to its Defined Benefit Pension Scheme in 2020

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

28. Pension commitments (continued)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages) for both the Group and Company:

	2020	2019
	%	%
Discount rate	2.35	2.40
Future salary increases	2.65	3.15
Future pension increases	1.90	2.40
RPI increases	2.70	3.40
CPI increases	1.90	2.40
Mortality rates		
- for a male aged 65 now	21.80	21.30
- at 65 for a male aged 45 now	23.20	22.90
- for a female aged 65 now	23.70	23.60
- at 65 for a female member aged 45 now	25.20	25.40

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

Group defined benefit pension schemes

	2020	2019	2018	2017
	£	£	£	£
Defined benefit obligation	(71,354,000)	(77,792,000)	(72,528,000)	(67,235,000)
Impact of asset ceiling	(1,345,000)	(517,000)	(1,836,000)	(2,856,000)
Scheme assets	78,906,000	83,648,000	76,494,000	71,724,000
Surplus/(Deficit)	6,207,000	5,339,000	2,130,000	1,633,000

Company defined benefit pension schemes

	2020	2019	2018	2017
	£	£	£	£
Defined benefit obligation	(14,640,000)	(16,901,000)	(15,769,000)	(14,727,000)
Impact of asset ceiling	(1,345,000)	(517,000)	(797,000)	(112,000)
Scheme assets	16,719,000	17,769,000	16,522,000	15,474,000
Surplus/(Deficit)	734,000	351,000	(44,000)	635,000

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

29. Commitments under operating leases

At 31 March 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Not later than 1 year	308,965	301,788	308,965	301,788
Later than 1 year and not later than 5 years	828,341	939,038	828,341	939,038
Later than 5 years	-	171,343	-	171,343
	<u>1,137,306</u>	<u>1,412,169</u>	<u>1,137,306</u>	<u>1,412,169</u>

30. Related party transactions

The Company has taken advantage of the exemption outlined in FRS 102.33.1A from disclosing transactions with wholly owned members of the Group headed by Essex County Council.

Key management personnel:

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £896,071 (2019: £727,937).

31. Controlling party

The Company is a wholly owned subsidiary of Essex County Council, the consolidated accounts of which are publicly available on its website at www.essex.gov.uk.

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