Financial Statements

Essex Equipment Services Limited

For the Year Ended 31 March 2017

Registered number: 06725227

Essex Equipment Services Limited

Company Information

Directors	K Lynch P Martin
Company secretary	A L Brown
Registered number	06725227
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

Contents

Directors' Report

For the Year Ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Directors

The directors who served during the year were:

K Lynch
P Martin
M B P Fitzgerald (resigned 17 June 2016)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 the directors are aware, there is no relevant audit information of which the Company'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'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.

Directors' Report (continued)
For the Year Ended 31 March 2017

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 15th November 2017 and signed on its behalf.

K Lynch
Director

Grant Thornton

Independent Auditor's Report to the Members of Essex Equipment Services Limited

We have audited the financial statements of Essex Equipment Services Limited for the year ended 31 March 2017, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 on page 1, 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 Practice 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 Company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Grant Thornton

Independent Auditor's Report to the Members of Essex Equipment Services Limited (continued)

Opinion 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 Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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

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

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the Directors' Report.

P. Dearsley

Paul Dearsley ACA FCCA (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Chelmsford
Date: 15 December 2017.

Statement of Comprehensive Income
For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Administrative expenses		**(1,802,675)**	(1,569,594)
Other operating income	4	**1,744,675**	1,537,594
Operating loss		**(58,000)**	(32,000)
Other finance income		**(5,000)**	1,000
Loss before tax		**(63,000)**	(31,000)
Loss for the financial year		**(63,000)**	(31,000)
Other comprehensive income for the year			
Actuarial gains on defined benefit pension scheme		**273,000**	139,000
Other comprehensive income for the year		**273,000**	139,000
Total comprehensive income for the year		**210,000**	108,000

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

The notes on pages 9 to 17 form part of these financial statements.

Statement of Financial Position

As at 31 March 2017

	Note		2017 £		2016 £
Current assets					
Debtors: amounts falling due within one year	7	**100**		100	
		100		100	
Creditors: amounts falling due within one year	8	**(67,837)**		(67,837)	
Net current liabilities			**(67,737)**		(67,737)
Total assets less current liabilities			**(67,737)**		(67,737)
Net pension asset/(liability)			**74,000**		(136,000)
Net assets/(liabilities)			**6,263**		(203,737)
Capital and reserves					
Called up share capital	9		**100**		100
Profit and loss account			**6,163**		(203,837)
			6,263		(203,737)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15|11|17

K Lynch
Director

The notes on pages 9 to 17 form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 March 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	100	(203,837)	(203,737)
Comprehensive income for the year			
Loss for the year	-	(63,000)	(63,000)
Actuarial gains on pension scheme	-	273,000	273,000
Other comprehensive income for the year	-	273,000	273,000
Total comprehensive income for the year	-	210,000	210,000
At 31 March 2017	100	6,163	6,263

The notes on page 9 to 17 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 March 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2015	100	(311,837)	(311,737)
Comprehensive income for the year			
Loss for the year	-	(31,000)	(31,000)
Actuarial gains on pension scheme	-	139,000	139,000
Other comprehensive income for the year	-	139,000	139,000
Total comprehensive income for the year	-	108,000	108,000
At 31 March 2016	100	(203,837)	(203,737)

The notes on pages 9 to 17 form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 March 2017

1. General information

Essex Equipment Services Limited is a company incorporated in England. The registered office is Seax House, Victoria Road South, Chelmsford, Essex, CM1 1QH.

Company registered number: 06725227

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 Section 1A of 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 pound sterling which is a functional currency of the company and are rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Essex Cares Limited as at 31 March 2017 and these financial statements may be obtained from Companies House.

2.3 Going concern

At the year end the company had net current liabilities of £67,737 (2016 - £67,737), inclusive of an amount totalling £67,837 (2016 - £67,837) owed to Essex Cares Limited. The directors of Essex Cares Limited have confirmed that they will not seek repayment of this debt for twelve months from the signing of these financial statements should such payment mean that the company cannot meet its liabilities as they fall due. In light of this, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.4 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.

2.5 Financial instruments

The Company only enters into basic financial instruments 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, loans to related parties and investments in non-puttable ordinary shares.

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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 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 Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.6 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.

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.7 Pensions

Defined benefit pension plan

The Company operates 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 liability 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. 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 Company'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 liability'.

The cost of the defined benefit plan, recognised in profit or loss 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 in profit or loss as a 'finance expense'.

2.8 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 the Statement of comprehensive income in the year that the Company 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.

Notes to the Financial Statements
For the Year Ended 31 March 2017

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

In determining these financial statements, the directors have made the following judgements:

The Company has a Defined Benefit Pension scheme which has a number of inputs inputs into the valuation. Note 10 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.

4. Other operating income

	2017 £	2016 £
Management charges receivable	**1,744,675**	1,537,594

5. Employees

The average monthly number of employees, including directors, during the year was 106 (2016 - 71).

During the year, no director received any emoluments (2016 - £NIL).

6. Other finance costs

	2017 £	2016 £
Net interest on net defined benefit scheme	**(5,000)**	1,000

7. Debtors

	2017 £	2016 £
Called up share capital not paid	**100**	100

8. Creditors: Amounts falling due within one year

	2017 £	2016 £
Amounts owed to group undertakings	**67,837**	67,837

Notes to the Financial Statements

For the Year Ended 31 March 2017

9. Share capital

	2017	2016
	£	£
Shares classified as equity		
Allotted and called up.		
100 Ordinary shares of £1 each	**100**	100

Notes to the Financial Statements
For the Year Ended 31 March 2017

10. Pension commitments

The Company 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.

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.

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.

Reconciliation of present value of plan liabilities:

	2017 £	2016 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	**3,912,000**	4,330,000
Current service cost	**97,000**	164,000
Interest income	**143,000**	114,000
Actuarial gains/losses	**1,132,000**	(222,000)
Contributions	**26,000**	40,000
Benefits paid	**(142,000)**	(232,000)
Liabilities extinguished on settlement	**-**	(282,000)
Experience loss/(gain) on defined benefit obligation	**193,000**	-
Change in demographic assumptions	**(27,000)**	-
At the end of the year	**5,334,000**	3,912,000

	2017 £	2016 £
Reconciliation of fair value of plan assets		
At the beginning of the year	**3,776,000**	4,086,000
Interest income	**138,000**	115,000
Return on assets less interest	**594,000**	(83,000)
Actuarial gains/losses	**1,180,000**	-
Contributions	**67,000**	105,000
Benefits paid	**(142,000)**	(232,000)
Administration expenses	**(2,000)**	(2,000)
Gain/loss on settlement or curtailment	**-**	(213,000)
At the end of the year	**5,611,000**	3,776,000

Notes to the Financial Statements

For the Year Ended 31 March 2017

10. Pension commitments (continued)

Composition of plan assets:

	2017	2016
	£	£
Equities	**3,833,000**	2,555,000
Gilts	**212,000**	111,000
Other bonds	**228,000**	181,000
Property	**546,000**	450,000
Cash	**169,000**	123,000
Alternative assets	**374,000**	168,000
Other managed funds	**249,000**	188,000
Total plan assets	**5,611,000**	3,776,000

	2017	2016
	£	£
Fair value of plan assets	**5,611,000**	3,776,000
Present value of plan liabilities	**(5,334,000)**	(3,912,000)
Impact of asset ceiling	**(203,000)**	-
Net pension scheme asset/(liability)	**74,000**	(136,000)

The amounts recognised in profit or loss are as follows:

	2017	2016
	£	£
Current service cost	**(97,000)**	(95,000)
Interest on obligation	**(5,000)**	1,000
Administration expense	**(2,000)**	(2,000)
Total	**(104,000)**	(96,000)

Notes to the Financial Statements
For the Year Ended 31 March 2017

10. Pension commitments (continued)

The Company expects to contribute £41,000 (2016 - £65,000) to its Defined benefit pension scheme in 2018.

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	2017	2016
	%	%
Discount rate	**2.80**	3.70
Future salary increases	**3.10**	2.80
Future pension increases	**2.35**	2.05
CPI Increases	**2.40**	2.05
RPI increases	**3.40**	3.05
Mortality rates		
- for a male aged 65 now	**22.1**	22.9
- at 65 for a male aged 45 now	**24.3**	25.2
- for a female aged 65 now	**24.6**	25.3
- at 65 for a female member aged 45 now	**26.9**	27.7

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

Defined benefit pension schemes

	2017	2016	2015
	£	£	£
Defined benefit obligation	**(5,334,000)**	(3,912,000)	(4,330,000)
Scheme assets	**5,611,000**	3,776,000	4,086,000
Impact of asset ceiling	**(203,000)**	-	-
Surplus	**74,000**	(136,000)	(244,000)

Notes to the Financial Statements

For the Year Ended 31 March 2017

11. Ultimate controlling party and related party transactions

The company's immediate parent undertaking is Essex Cares Limited. The ultimate parent undertaking and controlling related party is Essex County Council. Both parent undertakings produce consolidated financial statements which include the results of the company.

As a wholly owned subsidiary of Essex Cares Limited, the company is exempt from the requirements of FRS 102 to disclose transactions with other wholly owned members of the group.