

Registered number: 06725227

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# **ESSEX EQUIPMENT SERVICES LTD**

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**UNAUDITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

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**ESSEX EQUIPMENT SERVICES LTD**

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**COMPANY INFORMATION**

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<b>Directors</b>	K Lynch P J Martin
<b>Company secretary</b>	Essex Legal Services Limited
<b>Registered number</b>	06725227
<b>Registered office</b>	Seax House Victoria Road South Chelmsford Essex CM1 1QH
<b>Accountants</b>	Grant Thornton UK LLP Chartered Accountants Priory Place New London Road Chelmsford Essex CM2 0PP

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**ESSEX EQUIPMENT SERVICES LTD**

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**ESSEX EQUIPMENT SERVICES LTD**

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

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

**Directors**

The directors who served during the year were:

K Lynch  
P J Martin

**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 14/12/2020 and signed on its behalf.

*K Lynch*

**K Lynch**  
Director



**Report to the directors on the preparation of the unaudited statutory financial statements of Essex Equipment Services Ltd for the year ended 31 March 2020**

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We have compiled the accompanying financial statements of Essex Equipment Services Ltd based on the information you have provided. These financial statements comprise the Statement of Financial Position of Essex Equipment Services Ltd as at 31 March 2020, the Statement of Comprehensive Income for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at [www.icaew.com](http://www.icaew.com).

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

This report is made solely to the Board of Directors of Essex Equipment Services Ltd, as a body, in accordance with the terms of our engagement letter dated 29 January 2020. Our work has been undertaken solely to prepare for your approval the financial statements of Essex Equipment Services Ltd and state those matters that we have agreed to state to the Board of Directors of Essex Equipment Services Ltd, as a body, in this report in accordance with our engagement letter dated 29 January 2020. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Essex Equipment Services Ltd and its Board of Directors, as a body, for our work or for this report.

*Grant Thornton UK LLP*

**Grant Thornton UK LLP**

Chartered Accountants

Chelmsford

Date: 14/12/2020

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**ESSEX EQUIPMENT SERVICES LTD**

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

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	Note	2020 £	2019 £
Administrative expenses		(2,094,438)	(1,782,740)
Other operating income	4	1,992,438	1,712,740
<b>Operating loss</b>		<b>(102,000)</b>	<b>(70,000)</b>
Other finance income	6	13,000	4,000
<b>Loss before tax</b>		<b>(89,000)</b>	<b>(66,000)</b>
<b>Loss for the financial year</b>		<b>(89,000)</b>	<b>(66,000)</b>
<b>Other comprehensive income for the year</b>			
Actuarial gains on defined benefit pension scheme	11	45,000	436,000
<b>Other comprehensive income for the year</b>		<b>45,000</b>	<b>436,000</b>
<b>Total comprehensive income for the year</b>		<b>(44,000)</b>	<b>370,000</b>

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

The notes on pages 5 to 11 form part of these financial statements.

**ESSEX EQUIPMENT SERVICES LTD**  
**REGISTERED NUMBER:06725227**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	100	100
		<u>100</u>	<u>100</u>
Creditors: amounts falling due within one year	8	(67,837)	(67,837)
<b>Net current liabilities</b>		<u>(67,737)</u>	<u>(67,737)</u>
<b>Total assets less current liabilities</b>		<u>(67,737)</u>	<u>(67,737)</u>
Pension asset	11	484,000	528,000
<b>Net assets</b>		<u><u>416,263</u></u>	<u><u>460,263</u></u>
<b>Capital and reserves</b>			
Called up share capital	9	100	100
Profit and loss account	10	416,163	460,163
		<u><u>416,263</u></u>	<u><u>460,263</u></u>

The directors consider that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 14/12/2020

*Keir Lynch*

**K Lynch**  
 Director

The notes on pages 5 to 11 form part of these financial statements.

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**ESSEX EQUIPMENT SERVICES LTD**

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

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**1. General information**

Essex Equipment Services Ltd is a private company limited by shares & incorporated in England and Wales. Registered Number 06725227. Its registered office is Seax House, Victoria Road South, Chelmsford, Essex, CM1 1QH.

**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 sterling which is the functional currency of the company and are rounded to the nearest £.

The following principal accounting policies have been applied:

**2.2 Going concern**

At the year end the company had net current liabilities of £67,737 (2019: £67,737), inclusive of an amount totaling £67,837 (2019: £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.

**2.3 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.

**2.4 Financial instruments**

The company 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 to 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.



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**ESSEX EQUIPMENT SERVICES LTD**

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

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**2. Accounting policies (continued)**

**2.4 Financial instruments (continued)**

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.

**2.5 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.

**2.6 Pensions**

**Defined benefit pension plan**

The company 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. 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'.

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**ESSEX EQUIPMENT SERVICES LTD**


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


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**2. Accounting policies (continued)****2.6 Pensions (continued)**

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 in Statement of Comprehensive Income as a 'finance expense'.

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

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

The company participates in the Essex Pension Fund which has a number of inputs into the valuation. Note 11 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**

	2020 £	2019 £
Management charges receivable	<u>1,992,438</u>	<u>1,712,740</u>

**5. Employees**

The average monthly number of employees, including directors, during the year was 85 (2019 - 74).

During the year, no director received any emoluments (2019: £Nil).

**6. Other finance costs**

	2020 £	2019 £
Net interest on net defined benefit scheme	<u>13,000</u>	<u>4,000</u>

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**ESSEX EQUIPMENT SERVICES LTD**

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

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**7. Debtors**

	2020	2019
	£	£
Called up share capital not paid	100	100
	<u>100</u>	<u>100</u>

**8. Creditors: Amounts falling due after more than one year**

	2020	2019
	£	£
Amounts owed to group undertakings	67,837	67,837
	<u>67,837</u>	<u>67,837</u>

**9. Share capital**

	2020	2019
	£	£
<b>Allotted and called up.</b>		
100 (2019 - 100) Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

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.

**10. Reserves****Profit & loss account**

Includes all current and prior period profits and losses.

**11. 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.

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**ESSEX EQUIPMENT SERVICES LTD**


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


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**11. Pension commitments (continued)**

Reconciliation of present value of plan liabilities:

	2020 £	2019 £
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	5,859,000	5,717,000
Current service cost	96,000	93,000
Interest cost	140,000	145,000
Contributions	18,000	18,000
Benefits paid	(108,000)	(91,000)
Past service cost	30,000	-
Experience loss on defined benefit obligation	95,000	-
Change in financial assumptions	(556,000)	305,000
Change in demographic assumptions	(52,000)	(328,000)
<b>At the end of the year</b>	<b>5,522,000</b>	<b>5,859,000</b>

Reconciliation of present value of plan assets:

	2020 £	2019 £
At the beginning of the year	6,387,000	5,951,000
Interest income	153,000	151,000
Return on assets less interest	(482,000)	335,000
Actuarial gains/losses	14,000	-
Contributions	44,000	43,000
Benefits paid	(108,000)	(91,000)
Administration expenses	(2,000)	(2,000)
<b>At the end of the year</b>	<b>6,006,000</b>	<b>6,387,000</b>

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**ESSEX EQUIPMENT SERVICES LTD**

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

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**11. Pension commitments (continued)**

Composition of plan assets:

	2020 £	2019 £
Equities	3,515,000	3,977,000
Gilts	259,000	339,000
Other bonds	364,000	373,000
Property	540,000	568,000
Cash	250,000	168,000
Alternative assets	692,000	623,000
Other managed funds	386,000	339,000
<b>Total plan assets</b>	<b>6,006,000</b>	<b>6,387,000</b>
	2020 £	2019 £
Fair value of plan assets	6,006,000	6,387,000
Present value of plan liabilities	(5,522,000)	(5,859,000)
<b>Net pension scheme asset</b>	<b>484,000</b>	<b>528,000</b>

The amounts recognised in profit or loss are as follows:

	2020 £	2019 £
Current service cost	(126,000)	(93,000)
Interest on obligation	13,000	4,000
Administration expense	(2,000)	(2,000)
<b>Total</b>	<b>(115,000)</b>	<b>(91,000)</b>

The company expects to contribute £13,000 to its defined benefit pension scheme in 2021.

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**ESSEX EQUIPMENT SERVICES LTD**


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


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**11. Pension commitments (continued)**

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

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

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

## Defined benefit pension schemes

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Defined benefit obligation	<b>(5,522,000)</b>	<b>(5,859,000)</b>	<b>(5,717,000)</b>	<b>(5,334,000)</b>	<b>(3,912,000)</b>
Scheme assets	<b>6,006,000</b>	<b>6,387,000</b>	<b>5,951,000</b>	<b>5,611,000</b>	<b>3,776,000</b>
Impact of asset ceiling	<b>-</b>	<b>-</b>	<b>(76,000)</b>	<b>(203,000)</b>	<b>-</b>
<b>Surplus / (deficit)</b>	<b>484,000</b>	<b>528,000</b>	<b>158,000</b>	<b>74,000</b>	<b>(136,000)</b>

**12. Ultimate controlling party and related party transactions**

The company's immediate parent undertaking is Essex Cares Limited. The ultimate parent undertaking and controlling party is Essex County Council. Both parent undertakings produce consolidated financial statements which include the results of the company. The accounts of Essex Cares Limited can be obtained from Companies House. The accounts of Essex County Council are published on its website at [www.essex.gov.uk](http://www.essex.gov.uk).

As a wholly owned subsidiary of Essex Cares Limited, the Company adopts the exemption outlined at FRS 102.33.1A from disclosing transactions with other members of the group.