

Registered number: 06723149

ESSEX CARES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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ESSEX CARES LIMITED

COMPANY INFORMATION

Directors

J T Coogan
M A McDonagh
S T Bennett
V Manchanda
Cllr I Grundy
P Fairley
N H C Farah

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

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ESSEX CARES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Principal Activities

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

Business Review

2022/23 has seen ECL generate the highest revenue total in its history. However, rising costs, driven principally by high rates of inflation in the economy, have resulted in a reduced operating profit before pension and tax adjustments. The effects of Covid on the business have been lower in 2022/23 than in previous years, with operational services being affected only in short bursts. The recovery of the core business has been exemplary. ECL continue to provide high quality services to the people of Essex and our outside local authorities of Havering and West Sussex.

The 2022/23 year has seen new business opportunities emerge for ECL, including successful pilot programmes with 4 Essex hospitals undertaken on ward-led enablement schemes. These have now been extended to cover all 5 Essex hospitals since April 2023 and provide a future basis for new relationships and work with NHS commissioners in Essex and elsewhere. The work ECL has undertaken to support adults with learning disabilities into employment has continued to prosper and has now supported over 250 adults into inclusive employment. This has received national attention for its success.

The strong financial results of the year are based on our core business contracts being largely fixed in nature and being furthered by savings on staff costs, due to challenging recruitment climates up until the last quarter, where we experienced a boom in numbers joining our ranks. They also reflect new business opportunities via pilot schemes on ward-led enablement in Essex hospitals. ECL has maintained a healthy stance on being above the national living wage for the frontline roles that underpin our commitment to the people of Essex who need our services. We continue to have a robust Balance Sheet and we aim to continue to invest in our staff going forward to be able to drive towards the best possible outcomes for both commissioner (both health and social care) and customer.

System and organisational development have also remained key this year to create further efficiencies within the business – we have commenced programmes to refresh the learning management and recruitment systems as well as in-housing further payroll tasks. The central services have also undertaken changes to further strengthen the support to the operational parts of the business.

Principal Risks and Uncertainties

A material risk going forward is the departure of one of our core services, the Community Equipment Services in Essex, which is coming to an end in June 2023, despite recording record levels of refunds in this contract this year back to the Pooled Fund of Essex County Council and NHS partners. This is due to the contract being externally tendered and being awarded to a competitor. ECL made a strategic decision not to bid. The loss of the Community Equipment contract represents a material drop in revenue (and subsequent cost of sales for the equipment purchases) however, the new initiatives that we are exploring, and the inflation rises in contracts that have been negotiated on our other contracts in 2023/24, go some way to mitigating this contract loss. As ECL will not be in the equipment market in Essex, a decision has been made to exit this market completely and not pursue equipment contracts elsewhere.

Higher petrol/diesel prices contributed to difficulties in the attraction and retention of car driving community-based staff required to maintain capacity in the earlier quarters of 22/23, but this reversed in the final quarter. ECL made the strategic decision to invest in front line workers' salaries, which created a cost pressure but has significantly improved the pipeline of new frontline staff. Retaining existing staff and achieving a net gain is the key to maintaining the high quality services we are providing throughout all regions we operate in and therefore it is a necessary investment to secure longer term funding in the future.

ESSEX CARES LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Financial Key Performance Indicators

KPIs for the financial year 2022/23 show that Income has increased from £53.730m to £54.791m, an increase of 2.0%. Contracts that have variable elements have experienced growth this year and grant income of £88k is included in the overall income figure.

Profit after tax of £2.923m has decreased from the previous year (2022/21: £2.167m) as despite the aforementioned revenue growth, the staff costs have undergone significant uplift in the year in order to retain staff given the cost of living pressures experienced in the economy and the challenge facing the sector for recruitment.

Current Ratio compared to the prior year has increased to 2.67 from 2.37 which is down to the in-housing of accounting services from the prior year, which has now taken a tight grip of both in and out-flow of cash, as well as resolving aged issues relating to some core contracts for which the cashflow has been recognised this financial year. This financial management ensures investment into ECL's capabilities to achieve the long-term strategic company goals.

Employee Costs have as a percentage of revenue increased by 3.1% between 2021/22 and 2022/23 to 59.9% due to the inflation given to the frontline in order to retain and stimulate key operational growth of our core business.

S172(1) Companies Act Declaration

The Board of ECL do consider that they have acted in good faith and their actions have been to promote the success of the 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 the Senior Leadership Team 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 that we can make a real difference to their lives.
- Community and Environmental impact - being a social care Group automatically has an impact on the community, although the ethos and drive that has come through operational and financial control has enabled this Group to garner a good market share, which in turn leads to further efficiencies, and subsequently, the greater our standing becomes in the community. Further work is currently ongoing to improve our fair share of environmental inputs and outputs.
- 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, where applicable, prove 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 this Group are dealt with appropriately and within the confines of all legislative guidelines.

ESSEX CARES LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

This report was approved by the board and signed on its behalf.

Peter Fairley

P Fairley
Director

Date: 12/3/2024

ESSEX CARES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Results and dividends

The profit for the year, after taxation, amounted to £2,922,802 (2022: £2,166,664).

During the year, the Company paid dividends of £2,212,036 (2022: £Nil). This encompasses 2020/21 and 2021/22 Final Dividends.

The Company paid a further dividend of £1,189,017 (2022: £Nil) in respect of the year ended 31 March 2023 on 1 February 2024, in line with its agreed dividend policy.

Directors

The directors who served during the year and after the year end were:

J T Coogan
M A McDonagh
C L Shuter (resigned 25 August 2023)
S T Bennett
V Manchanda
B J Moore (resigned 31 December 2023)
Cllr I Grundy
K Lynch (resigned 2 April 2023)
P Fairley (appointed 3 April 2023)
N H C Farah (appointed 1 February 2024)

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 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 2023

Future developments and Going Concern

ECL continues to have financial protection in the material contracts within its portfolio, which is crucial in order to remain viable when there have been capacity issues due to recruitment struggles and the ever decreasing impact that Coronavirus has on the ability to deliver our contractual obligations through staff absence. A small level of central government funding has helped in this regard as well as support for frontline PPE equipment that is continuing in 2023/24. Demand in the market is always outstripping supply in all our operational regions and this is not expected to reduce in the future.

Our income continues to be largely derived from multi-year contracts, with amendments and negotiations where necessary and throughout the past financial year, we continue to deliver successful and efficient services given the challenging circumstances amid the cost of living crisis affecting the economy. We have maintained our reputation for high quality care, and the drift towards more community provided services instead of residential care is continuing so we look to optimise more opportunities and strive to meet the demand in the Essex system and across other borders. In 2022/23 we have developed some new business areas with NHS commissioners including ward-led enablement.

The medium-term plans are in continual discussions with our shareholder over the future direction of the Company. We believe a robust plan to mitigate the loss of the Equipment Service contract in 2023/24 is in place, giving credibility to the longer term plans for ECL. Due to the strong Balance Sheet performance in the past financial year, the business looks to always invest in our core frontline staff and in more digital development. Through the strength of our liquidity, we are also able to absorb market pressures from the high level of economic inflation on procured services to remain competitive.

Based on the above factors, the financial statements have been prepared and approved on a going concern basis of accounting.

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.

Employee involvement

The Group has established a strong practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Group. The directors have monthly updates for their teams to disseminate downwards and to address any issues that might be affecting areas of the business. In addition, the directors attend monthly staff meetings and issue regular monthly newsletters.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Group may continue. It is the policy of the Company that training, career development and promotion opportunities should be available to all employees. Essex Cares Limited is an equal opportunities employer.

ESSEX CARES LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Greenhouse gas emissions, energy consumption and energy efficiency action

In line with the Streamlined Energy and Carbon Reporting legislation, the Company is required to report its energy consumption and greenhouse gas emissions arising in the UK. All scope 1 & 2 sources of energy and emissions have been disclosed as well as mandatory scope 3 sources of energy and emissions.

In comparison to the previous financial period Essex Cares total energy consumption has increased by 612.64 MWh and greenhouse gas emissions (GHG) have increased by 14.76 tCO₂e, or 8% and 1% respectively. This result is explained mainly by an increase in the consumption of natural gas and electricity. This increase in energy consumption explains the increase in the intensity ratio (MWh per 1000 m² Gross Floor Area) by 9.4% as compared to the previous year of 2022. Since 2021 there has been an increase in energy consumption and GHG emissions in all Scopes. The following table shows a summary for Energy Consumption and Greenhouse Gas Emissions since 2021. In the reporting year, there were no new energy efficiency measures implemented.

Source of Energy & Emissions

	Energy Consumption (MWh)		GHG Emissions (tCO₂e)	
	2023	2022	2023	2022
Combustion of Natural Gas	2,228.45	1,724.75	406.78	315.91
Combustion of Fuel in Company Vehicles	1,375.91	1,579.37	352.64	374.08
Scope 1 Total	3,604.36	3,304.12	759.42	689.99
Generation of Purchased Electricity	1,132.17	821.09	218.94	174.34
Scope 2 Total	1,132.17	821.09	218.94	174.34
Combustion of Fuel in Staff Vehicles	3,719.80	3,718.47	806.96	906.24
Scope 3 Total	3,719.80	3,718.47	806.96	906.24
Grand Total	8,456.33	7,843.68	1,785.32	1770.57
Intensity per 1000m ² Gross Floor Area	416.50	440.66	108.97	99.47

ESSEX CARES LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Conversion factors

All conversion factors and fuel properties used in this disclosure 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 expressed in terms of their carbon dioxide equivalence. A full list of conversion factors can be viewed below.

Fuel	Conversion	Factor
Electricity: UK	kg CO ₂ e/kWh	0.19
Natural gas (Standard UK grid)	kg CO ₂ e/kWh (Gross CV)	0.18
Diesel	kg CO ₂ e/litre	2.56
	kg CO ₂ e/kWh (Net CV)	9.98

Vehicle Type	Conversion	Factor
Medium Car: LPG	kWh/mile (Net CV)	1.24
	kg CO ₂ e/mile	0.28
Large Car: LPG	kWh/mile (Net CV)	1.86
	kg CO ₂ e/mile	0.42
Medium Car: Diesel	kWh/mile (Net CV)	1.05
	kg CO ₂ e/mile	0.27
Large Car: Diesel	kWh/mile (Net CV)	1.32
	kg CO ₂ e/mile	0.33
Small Car: Petrol	kWh/mile (Net CV)	1.24
	kg CO ₂ e/mile	0.23
Medium Car: Petrol	kWh/mile (Net CV)	1.24
	kg CO ₂ e/mile	0.29
Large Car: Petrol	kWh/mile (Net CV)	1.86
	kg CO ₂ e/mile	0.44
Average Car: Battery Electric	kWh/mile (Net CV)	0.39
	kg CO ₂ e/mile	0.19
Average Car: Motorcycle	kWh/mile (Net CV)	0.74
	kg CO ₂ e/mile	0.18

Building Type	Benchmark	Factor
General Office	Electricity: kWh/m ² 95	
	Fossil Thermic: kWh/m ²	120
Public Buildings	Electricity: kWh/m ² 20	
	Fossil Thermic: kWh/m ²	105
Residential	Electricity: kWh/m ² 65	
	Fossil Thermic: kWh/m ²	420
Storage Facility	Electricity: kWh/m ² 35	
	Fossil Thermic: kWh/m ²	160

Utilities

Energy consumption in kilowatt-hour 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 and natural gas consumption data which was available for day care centres has been used to calculate an average annual kWh/m² benchmark, which in turn was used to estimate the consumption for the remaining day care centres. DEFRA conversion factors for the average UK generation mix have been used to calculate greenhouse gas emissions.

ESSEX CARES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Transport

For company-owned vehicles fuel consumption expressed in invoices was used to calculate GHG emissions and Energy Consumption. DEFRA Emission Factors 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 factors from the category "Cars (by size)" have been used to calculate greenhouse gas emissions and underlying energy use per mile.

Other Fuels & Emissions

No other fuels are used and no sources of fugitive emissions for which the Company is responsible have been identified.

Post balance sheet events

ECL is always looking to explore every opportunity presented to further its care provision across its portfolio and this next financial year is no exception. At the time of writing of this report, the removal of the Equipment Services contract within ECL's portfolio represents the biggest challenge to mitigate, but initiatives and pilots are already underway in several contracts to try and offset this revenue loss. However, the Board maintain and are confident that this will not materially impact the viability of the Group going forward.

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 and signed on its behalf.

Peter Fairley

P Fairley
Director

Date: 12/3/2024



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 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity 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 2023 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 qualified opinion

The Group is a member of a multi-employer pension scheme and its portion of the scheme assets as at 31 March 2023 had a carrying amount of £99,790,000 (Parent Company: £13,409,000). We have requested various items of audit evidence to be provided directly from the pension scheme, to support the existence and valuation of the scheme assets. We have not been provided with this information by the pension scheme and as a result have been unable to obtain sufficient appropriate audit evidence to support the existence and valuation of these scheme assets. Consequently, we were unable to determine whether management's accounting and disclosure regarding the scheme assets is accurate and if any adjustments to the valuation were necessary.

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 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 qualified opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group and the parent Company to cease to continue as a going concern.



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

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and of the parent Company's business model including effects arising from macro-economic uncertainties such as inflationary environment and resulting cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and of the parent Company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

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 themselves. 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the value of plan assets within the defined benefit pension fund of £99,790,000 held at 31 March 2023. We have concluded that where the other information refers to the plan assets or related balances, it may be materially misstated for the same reason.



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

Opinions on other matters prescribed by the Companies Act 2006

Except for the matter described in the Basis for qualified opinion on other matters prescribed by the Companies Act 2006 section of our report, 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.

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

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the group and the parent company and their 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

Arising solely from the limitation on the scope of our work relating to the defined benefit pension fund, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- 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 or returns; or
- certain disclosures of directors' remuneration specified by law are not made.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.



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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We enquired of management concerning the Group and Parent Company's policies and procedures relating to:
 - The identification, evaluation and compliance with laws and regulations;
 - The detection and response to the risks of fraud; and
 - The establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- The Group is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur: United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), the Companies Act 2006, United Kingdom Corporation Tax legislation, anti-bribery legislation, GDPR and employment law.
- We understood how the Group is complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes;
- We assessed the susceptibility of the Group and Parent Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - Potential management bias in determining accounting estimates, especially in relation to the defined benefit pension scheme assumptions; and
 - Transactions with related parties.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;



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

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team, included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the client operates; and
 - understanding of the legal and regulatory requirements specific to the entity including, the provisions of the applicable legislation, the regulator's rules and related guidance, including guidance issued by relevant authorities that interprets those rules and the applicable statutory provisions.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

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.

Timothy Taylor

Timothy Taylor FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Chelmsford
Date: 14/3/2024

ESSEX CARES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover	4	54,790,743	53,729,580
Cost of sales		(9,220,567)	(9,879,456)
Gross profit		45,570,176	43,850,124
Administrative expenses		(43,628,845)	(41,743,434)
Operating profit	5	1,941,331	2,106,690
Interest payable and similar expenses	9	(1,297)	(10,083)
Other finance income	10	438,000	145,000
Profit before taxation		2,378,034	2,241,607
Tax on profit	11	544,768	(74,943)
Profit for the financial year		2,922,802	2,166,664
Actuarial gains on defined benefit pension scheme		28,283,000	10,913,998
Other comprehensive income for the year		28,283,000	10,913,998
Total comprehensive income for the year		31,205,802	13,080,662

The notes on pages 23 to 46 form part of these financial statements.

ESSEX CARES LIMITED
REGISTERED NUMBER:06723149

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	13	156,508	382,658
Tangible assets	14	1,966,280	1,728,547
		<u>2,122,788</u>	<u>2,111,205</u>
Current assets			
Stocks	16	971,872	992,144
Debtors: amounts falling due after more than one year	17	100	100
Debtors: amounts falling due within one year	17	19,070,853	18,357,878
Cash at bank and in hand	18	508,181	506,981
		<u>20,551,006</u>	<u>19,857,103</u>
Creditors: amounts falling due within one year	20	(7,506,171)	(8,377,848)
Net current assets		<u>13,044,835</u>	<u>11,479,255</u>
Total assets less current liabilities		<u>15,167,623</u>	<u>13,590,460</u>
Creditors: amounts falling due after more than one year	21	-	(5,393)
Provisions for liabilities			
Other provisions	23	(223,658)	(236,868)
		<u>(223,658)</u>	<u>(236,868)</u>
Net assets excluding pension asset		<u>14,943,965</u>	<u>13,348,199</u>
Pension asset	26	44,127,006	16,729,006
Net assets		<u><u>59,070,971</u></u>	<u><u>30,077,205</u></u>

ESSEX CARES LIMITED
REGISTERED NUMBER:06723149

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Capital and reserves			
Called up share capital	24	100	100
Profit and loss account	25	59,070,871	30,077,105
Equity attributable to owners of the parent Company		<u>59,070,971</u>	<u>30,077,205</u>

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

Peter Fairley

P Fairley
 Director

Date: 12/3/2024

The notes on pages 23 to 46 form part of these financial statements.

ESSEX CARES LIMITED
REGISTERED NUMBER:06723149

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	13	156,508	382,658
Tangible assets	14	1,966,280	1,728,547
Investments	15	300	300
		<u>2,123,088</u>	<u>2,111,505</u>
Current assets			
Stocks	16	971,872	992,144
Debtors: amounts falling due after more than one year	17	100	100
Debtors: amounts falling due within one year	17	19,298,803	18,357,578
Cash at bank and in hand	18	508,181	506,981
		<u>20,778,956</u>	<u>19,856,803</u>
Creditors: amounts falling due within one year	20	(7,506,171)	(8,377,848)
Net current assets		<u>13,272,785</u>	<u>11,478,955</u>
Total assets less current liabilities		<u>15,395,873</u>	<u>13,590,460</u>
Creditors: amounts falling due after more than one year	21	-	(5,393)
Provisions for liabilities			
Other provisions	23	(223,658)	(236,868)
		<u>(223,658)</u>	<u>(236,868)</u>
Net assets excluding pension asset		<u>15,172,215</u>	<u>13,348,199</u>
Pension asset	26	5,923,006	1,934,006
Net assets		<u><u>21,095,221</u></u>	<u><u>15,282,205</u></u>

ESSEX CARES LIMITED
REGISTERED NUMBER:06723149

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Capital and reserves			
Called up share capital	24	100	100
Profit and loss account	25	21,095,121	15,282,105
		<u>21,095,221</u>	<u>15,282,205</u>

Essex Cares Limited have taken the exemption from presenting the parent Company Statement of Comprehensive Income. The profit for the year for Essex Cares Limited was £3,881,052 (2022: £2,647,657).

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

Peter Fairley

P Fairley
 Director

Date: 12/3/2024

The notes on pages 23 to 46 form part of these financial statements.

ESSEX CARES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2022	100	30,077,105	30,077,205
Comprehensive income for the year			
Profit for the year	-	2,922,802	2,922,802
Actuarial gains on pension scheme	-	28,283,000	28,283,000
Total comprehensive income for the year	-	31,205,802	31,205,802
Dividends: Equity capital	-	(2,212,036)	(2,212,036)
At 31 March 2023	100	59,070,871	59,070,971

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	100	16,996,443	16,996,543
Comprehensive income for the year			
Profit for the year	-	2,166,664	2,166,664
Actuarial gains on pension scheme	-	10,913,998	10,913,998
Total comprehensive income for the year	-	13,080,662	13,080,662
At 31 March 2022	100	30,077,105	30,077,205

The notes on pages 23 to 46 form part of these financial statements.

ESSEX CARES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2022	100	15,282,105	15,282,205
Comprehensive income for the year			
Profit for the year	-	3,881,052	3,881,052
Actuarial gains on pension scheme	-	4,144,000	4,144,000
	-	8,025,052	8,025,052
Total comprehensive income for the year			
Dividends: Equity capital	-	(2,212,036)	(2,212,036)
At 31 March 2023	100	21,095,121	21,095,221

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	100	11,083,448	11,083,548
Comprehensive income for the year			
Profit for the year	-	2,647,657	2,647,657
Actuarial gains on pension scheme	-	1,551,000	1,551,000
	-	4,198,657	4,198,657
Total comprehensive income for the year			
At 31 March 2022	100	15,282,105	15,282,205

The notes on pages 23 to 46 form part of these financial statements.

ESSEX CARES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	2,922,802	2,166,664
Adjustments for:		
Amortisation of intangible assets	233,715	240,383
Depreciation of tangible assets	347,305	302,465
Interest paid	1,297	10,083
Taxation charge	(544,768)	74,943
Decrease in stocks	20,272	35,412
Increase in debtors	(278,576)	(3,924,407)
(Decrease)/increase in creditors	(637,924)	957,119
(Decrease)/increase in provisions	(13,210)	-
Increase in net pension assets/liabs	837,000	1,326,000
Corporation tax paid	(73,822)	(363,636)
Net cash generated from operating activities	2,814,091	825,026
Cash flows from Investing activities		
Purchase of intangible fixed assets	(7,565)	(150,364)
Purchase of tangible fixed assets	(585,038)	(164,083)
Net cash from investing activities	(592,603)	(314,447)

ESSEX CARES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Cash flows from financing activities		
Repayment of/new finance leases	(6,955)	(250,986)
Interest paid	(1,297)	(10,083)
Dividends paid	(2,212,036)	-
Net cash used in financing activities	(2,220,288)	(261,069)
Net increase in cash and cash equivalents	1,200	249,510
Cash and cash equivalents at beginning of year	506,981	257,471
Cash and cash equivalents at the end of year	508,181	506,981
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	508,181	506,981

The notes on pages 23 to 46 form part of these financial statements.

An analysis of changes in net debt is shown in note 19.

ESSEX CARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Essex Cares Limited is a private company limited by shares and incorporated in England and Wales. Its 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 2023.

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 subsidiaries have claimed exemption from audit under the provisions of section 479A of the Companies Act 2006.

- ECL Trading Limited
- Essex Employment And Inclusion Limited
- Essex Community Support Limited
- Essex Equipment Services Limited

Essex Cares Limited has provided a guarantee over these subsidiaries' liabilities under section 479C of the Act.

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 2023**

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

ECL continued to perform strongly in the core business for 2022-23, with the effects of the pandemic reducing, leaving only minor operational challenges at times during the year. This is shown in the financial results that we are publishing in this report. A small amount of central government grants were received at the end of the year, which were directed to strengthen recruitment and retention. During the first three quarters of the financial year, ECL encountered the same challenges around recruitment and retention as in prior years but there has been an upturn in the fourth quarter.

Wage increases have made an impact on the results in 2022/23, as ECL has responded to the challenges of high inflation and cost of living challenges for our workforce. Inflation increases to our core contracts were given sparingly by commissioners in 2022/23. However, inflationary rises have been secured for all major contracts for the upcoming financial year 2023/24.

One of our largest core contracts (Essex Community Equipment Service) comes to an end at the end of Quarter 1 2023/24, and whilst this is a disappointing and challenging outcome for our portfolio, we believe that this can be mostly offset with the further contractual initiatives that we have planned and have pilots in progress. Our out of county (outside of Essex) contracts are up for renewal at the end of 2023/24 but are not considered appropriate to disclose due to their commercially sensitive nature. We acknowledge that the loss of the equipment contract will result in a drop in revenue overall initially, but that ECL remain a stable operating venture with further opportunities to explore with both public and private individuals. Demand for the core services remains very strong providing growth potential to offset the loss of contract.

The Board are fully engaged with the future strategy of the Company and therefore are very confident that the finances of the Company are secure for the next 12 months. Beyond the short term, we are still striving for further contract awards and to invest in the current initiatives to maximise the results (qualitative and quantitative) from the existing contracts. A strategic review is also underway with Essex County Council (ECC) as shareholder, to ensure we maximise the alignment between strategic priorities of both organisations.

Our confidence as a going concern is also underlined by the fact that the Board of Directors still proposes to maintain the dividend programme with our shareholder.

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.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)**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
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Amortisation is charged to the Statement of Comprehensive Income and included within administrative expenses.

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 Statement of Comprehensive Income.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to Statement of Comprehensive Income on a straight-line basis over the lease term.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)**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.

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.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.12 Financial instruments (continued)

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.

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.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)**2.16 Pensions****Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

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'.

2.17 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

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 Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting 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 the Statement of Comprehensive Income 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 2023**

2. Accounting policies (continued)**2.20 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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 28 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 2023**

4. Turnover

An analysis of turnover by class of business is as follows:

	2023	2022
	£	£
Rendering of services	39,171,498	44,105,745
Sales of goods	15,619,245	9,623,835
	<u>54,790,743</u>	<u>53,729,580</u>

An analysis of turnover by country is as follows:

	2023	2022
	£	£
United Kingdom	<u>54,790,743</u>	<u>53,729,580</u>

5. Operating profit

The operating profit is stated after charging:

	2023	2022
	£	£
Depreciation of tangible fixed assets	347,305	302,465
Amortisation of intangible assets, including goodwill	233,715	240,383
Other operating lease rentals	1,365,050	1,282,035
Defined benefit pension cost	<u>1,585,000</u>	<u>1,759,000</u>

6. Auditor's remuneration

	2023	2022
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>48,925</u>	<u>49,183</u>

Fees payable to the Group's auditor and its associates in respect of:

Accounts preparation	11,330	3,965
Other services relating to taxation	<u>9,785</u>	<u>6,129</u>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

7. Employees

Staff costs were as follows:

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Wages and salaries	28,184,536	26,367,579	9,028,320	8,435,327
Social security costs	2,515,640	2,146,525	805,211	686,700
Cost of defined benefit scheme	2,106,230	2,022,143	674,166	646,909
	<u>32,806,406</u>	<u>30,536,247</u>	<u>10,507,697</u>	<u>9,768,936</u>

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

	2023 No.	<i>2022 No.</i>
Frontline staff	994	970
Support staff	178	201
Managerial staff	141	143
	<u>1,313</u>	<u>1,314</u>

8. Directors' remuneration

	2023 £	<i>2022 £</i>
Directors' emoluments	<u>726,970</u>	<u>829,020</u>

During the year retirement benefits were accruing to 5 directors (2022: 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £237,500 (2022: £217,628).

The Company made £Nil contributions to a defined contribution pension scheme in respect of the highest paid director (2022: £Nil).

The amount of the accrued lump sum in respect of the highest paid director at 31 March 2023 amounted to £21,743 (2022: £66,226).

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

9. Interest payable and similar expenses

	2023	2022
	£	£
Other interest payable	<u>1,297</u>	<u>10,083</u>

10. Other finance income

	2023	2022
	£	£
Net interest on net defined benefit scheme	<u>438,000</u>	<u>145,000</u>

11. Taxation

	2023	2022
	£	£
Corporation tax		
UK corporation tax at 19% (PY: 19%)	-	74,647
Adjustments in respect of previous periods	<u>77</u>	<u>-</u>
Total current tax	<u>77</u>	<u>74,647</u>
Deferred tax		
Origination and reversal of timing differences	<u>(544,845)</u>	<u>296</u>
Total deferred tax	<u>(544,845)</u>	<u>296</u>
Taxation on (loss)/profit on ordinary activities	<u>(544,768)</u>	<u>74,943</u>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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

The tax assessed for the year is lower than (2022: *lower than*) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	2,378,034	2,241,607
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	451,826	425,905
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	18,939	5,001
Adjustments to tax charge in respect of prior periods	77	(184,325)
Amounts relating to other comprehensive income or otherwise transferred	-	294,500
Timing differences not recognised in the computation	29,830	(246,810)
Non-taxable income	(1,118,358)	(227,851)
Remeasurement of deferred tax for changes in tax rates	(130,763)	(1,357)
Other permanent differences	8,930	9,880
Income not deductible for tax purposes	194,751	-
Total tax charge for the year	(544,768)	74,943

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £250,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning taxable profits between the two levels. These changes were substantively enacted at the Statement of Financial Position date and therefore an adjustment has been made to deferred taxation balances to account for this change.

12. Dividends

	2023 £	2022 £
Dividends payable	2,212,036	-

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

13. Intangible assets**Group and Company**

	Computer software £
Cost	
At 1 April 2022	772,405
Additions	7,565
At 31 March 2023	<u>779,970</u>
Amortisation	
At 1 April 2022	389,747
Charge for the year on owned assets	233,715
At 31 March 2023	<u>623,462</u>
Net book value	
At 31 March 2023	<u>156,508</u>
<i>At 31 March 2022</i>	<u>382,658</u>

Amortisation on intangible assets is charged to administrative expenses.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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

	Land & buildings £	L/Term Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Office equipment £	Total £
Cost						
At 1 April 2022	829,265	636,544	671,356	1,114,558	555,828	3,807,551
Additions	-	384,381	75,690	24,384	100,583	585,038
Disposals	-	-	-	(280,628)	-	(280,628)
Transfers between classes	-	-	31,295	-	(31,295)	-
At 31 March 2023	829,265	1,020,925	778,341	858,314	625,116	4,111,961
Depreciation						
At 1 April 2022	29,191	427,505	454,324	927,169	240,815	2,079,004
Charge for the year on owned assets	9,803	91,338	72,917	61,578	111,669	347,305
Disposals	-	-	-	(280,628)	-	(280,628)
Transfers between classes	-	-	31,295	-	(31,295)	-
At 31 March 2023	38,994	518,843	558,536	708,119	321,189	2,145,681
Net book value						
At 31 March 2023	790,271	502,082	219,805	150,195	303,927	1,966,280
At 31 March 2022	800,074	209,039	217,032	187,389	315,013	1,728,547

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2022	300
At 31 March 2023	300
Net book value	
At 31 March 2023	300
At 31 March 2022	300

16. Stocks

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Finished goods and goods for resale	971,872	<i>992,144</i>	971,872	<i>992,144</i>

Stock recognised in cost of sales during the year as an expense was £9,220,567 (2022: £9,879,456).

An impairment loss of £Nil (2022: £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 2023**

17. Debtors

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Due after more than one year				
Other debtors	100	<i>100</i>	100	<i>100</i>
	<hr/>	<hr/>	<hr/>	<hr/>
	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Due within one year				
Trade debtors	952,269	<i>1,280,966</i>	915,257	<i>1,280,966</i>
Amounts owed by related party undertakings	14,990,778	<i>16,002,722</i>	15,331,823	<i>16,002,422</i>
Prepayments and accrued income	2,577,307	<i>1,068,536</i>	2,577,307	<i>1,068,536</i>
Deferred taxation	550,499	<i>5,654</i>	474,416	<i>5,654</i>
	<hr/>	<hr/>	<hr/>	<hr/>
	19,070,853	<i>18,357,878</i>	19,298,803	<i>18,357,578</i>
	<hr/>	<hr/>	<hr/>	<hr/>

Trade receivables are stated net of an amount provided for doubtful debts. The provision at the year end was £87,417 (2022: £312,591).

Amounts owed by group undertakings are interest free and repayable on demand.

18. Cash and cash equivalents

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Cash at bank and in hand	508,181	<i>506,981</i>	508,181	<i>506,981</i>
	<hr/>	<hr/>	<hr/>	<hr/>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

19. Analysis of changes in net debt

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	506,981	1,200	508,181
Treasury funds	7,156,000	4,994,000	12,150,000
	<u>7,662,981</u>	<u>4,995,200</u>	<u>12,658,181</u>

20. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade creditors	702,350	576,872	702,350	576,872
Amounts owed to related party undertakings	796,085	698,570	796,085	698,570
Corporation tax	92	74,647	92	74,647
Other taxation and social security	1,236,725	1,258,671	1,236,725	1,258,671
L/Term leasehold property obligation	5,425	6,987	5,425	6,987
Other creditors	1,121	-	1,121	-
Accruals and deferred income	4,764,373	5,762,101	4,764,373	5,762,101
	<u>7,506,171</u>	<u>8,377,848</u>	<u>7,506,171</u>	<u>8,377,848</u>

Amounts owed to group undertakings are interest free and payable on demand.

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
L/Term leasehold property obligation	-	5,393	-	5,393
	<u>-</u>	<u>5,393</u>	<u>-</u>	<u>5,393</u>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

22. Deferred taxation

Group

	2023 £
At beginning of year	5,654
Charged to Statement of Comprehensive Income	544,845
At end of year	550,499

Company

	2023 £
At beginning of year	5,654
Charged to Statement of Comprehensive Income	468,762
At end of year	474,416

The deferred tax asset is made up as follows:

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Short term timing differences	8,030	5,654	7,249	5,654
Losses and other deductions	542,469	-	467,167	-

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

23. Provisions**Group**

	Buildings dilapidations provision £	Total £
At 1 April 2022	236,868	236,868
Utilised in year	(13,210)	(13,210)
At 31 March 2023	223,658	223,658

Company

	Buildings dilapidations provision £	Total £
At 1 April 2022	236,868	236,868
Utilised in year	(13,210)	(13,210)
At 31 March 2023	223,658	223,658

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.

24. Share capital

	2023 £	2022 £
Allotted, called up and unpaid		
100 (2022: 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.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

25. Reserves**Profit & loss account**

Includes all current and prior period profits and losses.

26. 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 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
At the beginning of the year	82,060,000	<i>83,998,000</i>	11,612,000	<i>11,806,000</i>
Current service cost	1,537,000	<i>1,714,000</i>	226,000	<i>288,000</i>
Interest cost	2,119,000	<i>1,667,000</i>	300,000	<i>235,000</i>
Actuarial (gains)/losses	(33,714,000)	<i>(3,847,000)</i>	(4,893,000)	<i>(589,000)</i>
Contributions	243,000	<i>223,000</i>	35,000	<i>39,000</i>
Benefits paid	(1,589,000)	<i>(1,718,000)</i>	(220,000)	<i>(194,000)</i>
Change in demographic assumptions	(1,504,000)	<i>-</i>	(237,000)	<i>-</i>
Experience loss on defined benefit obligation	6,497,000	<i>172,000</i>	663,000	<i>27,000</i>
Effect of settlements	-	<i>-</i>	-	<i>-</i>
Liabilities assumed/(extinguished) on settlements	(85,000)	<i>(149,000)</i>	-	<i>-</i>
	55,564,000	<i>82,060,000</i>	7,486,000	<i>11,612,000</i>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

26. Pension commitments (continued)

Reconciliation of present value of plan assets:

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
At the beginning of the year	98,841,000	<i>91,184,000</i>	13,546,000	<i>12,441,000</i>
Interest income	2,557,000	<i>1,812,000</i>	350,000	<i>248,000</i>
Return on assets less interest	(1,309,000)	<i>7,239,000</i>	(179,000)	<i>989,000</i>
Contributions	505,000	<i>466,000</i>	61,000	<i>68,000</i>
Benefits paid	(1,589,000)	<i>(1,654,000)</i>	(220,000)	<i>(194,000)</i>
Other actuarial gains/(losses)	(1,718,000)	<i>-</i>	(142,000)	<i>-</i>
Administration expenses	(48,000)	<i>(45,000)</i>	(7,000)	<i>(6,000)</i>
Loss on settlement or curtailment	(97,000)	<i>(161,000)</i>	-	<i>-</i>
At the end of the year	97,142,000	<i>98,841,000</i>	13,409,000	<i>13,546,000</i>

Composition of plan assets:

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Equities	56,997,000	<i>59,349,000</i>	7,659,000	<i>8,134,000</i>
Gilts	1,375,000	<i>2,358,000</i>	185,000	<i>323,000</i>
Other bonds	4,423,000	<i>4,328,000</i>	594,000	<i>593,000</i>
Property	7,983,000	<i>8,107,000</i>	1,073,000	<i>1,111,000</i>
Cash	3,289,000	<i>2,508,000</i>	442,000	<i>344,000</i>
Alternative assets	15,430,000	<i>12,214,000</i>	2,073,000	<i>1,674,000</i>
Other managed funds	10,293,000	<i>9,977,000</i>	1,383,000	<i>1,367,000</i>
	99,790,000	<i>98,841,000</i>	13,409,000	<i>13,546,000</i>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

26. Pension commitments (continued)

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Fair value of plan assets	99,790,000	98,841,000	13,409,000	13,546,000
Present value of plan liabilities	(55,564,000)	(82,060,000)	(7,486,000)	(11,612,000)
Impact of asset ceiling	-	-	-	-
	44,226,000	16,781,000	5,923,000	1,934,000

The amounts recognised in profit or loss are as follows:

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Current service cost	(1,537,000)	(1,714,000)	(226,000)	(288,000)
Interest on defined benefit scheme	438,000	145,000	50,000	13,000
Administration expenses	(48,000)	(45,000)	(7,000)	(6,000)
	(1,147,000)	(1,614,000)	(183,000)	(281,000)

The Group expects to receive £1,309,000 (2022: contribute £1,259,000) from its Defined Benefit Pension Scheme in 2023.

The Company expects to receive £172,000 (2022: contribute £231,000) from its Defined Benefit Pension Scheme in 2023.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

26. Pension commitments (continued)

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

	2023	2022
	%	%
Discount rate	4.80	2.60
Future salary increases	3.65	4.00
Future pension increases	2.90	3.25
RPI increases	3.20	3.50
CPI increases	2.90	3.25
Mortality rates		
- for a male aged 65 now	21.1	21.60
- at 65 for a male aged 45 now	22.3	23.00
- for a female aged 65 now	23.5	23.70
- at 65 for a female member aged 45 now	25.0	25.10

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

Group defined benefit pension schemes

	2023	2022	2021	2020
	£	£	£	£
Defined benefit obligation	(55,564,000)	(82,060,000)	(83,998,000)	(71,354,000)
Impact of asset ceiling	-	-	-	(1,345,000)
Scheme assets	99,790,000	98,841,000	91,184,000	78,906,000
Surplus	44,226,000	16,781,000	7,186,000	6,207,000

Company defined benefit pension schemes

	2023	2022	2021	2020
	£	£	£	£
Defined benefit obligation	(7,486,000)	(11,612,000)	(11,806,000)	(14,640,000)
Impact of asset ceiling	-	-	-	(1,345,000)
Scheme assets	13,409,000	13,546,000	12,441,000	16,719,000
Surplus	5,923,000	1,934,000	635,000	734,000

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

27. Commitments under operating leases

At 31 March 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Not later than 1 year	1,814,283	<i>1,897,181</i>	1,814,283	<i>1,897,181</i>
Later than 1 year and not later than 5 years	1,019,496	<i>379,518</i>	1,019,496	<i>379,518</i>
	<u>2,833,779</u>	<i><u>2,276,699</u></i>	<u>2,833,779</u>	<i><u>2,276,699</u></i>

28. 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 £834,610 (2022: £903,816).

29. 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.