

Financial Statements Essex Employment and Inclusion Limited

For the Year Ended 31 March 2016



Registered number: 06725306

Essex Employment and Inclusion Limited

Company Information

Directors	E Chidgey (resigned 10 September 2015) M B P Fitzgerald (appointed 10 September 2015, resigned 17 June 2016) K Lynch (appointed 16 March 2016) P Martin (appointed 16 March 2016)
Company secretary	A L Brown
Registered number	06725306
Registered office	Seax House Victoria Road South Chelmsford Essex CM1 1QH
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 80 Compair Crescent Ipswich Suffolk IP2 0EH

Essex Employment and Inclusion Limited

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Essex Employment and Inclusion Limited

Directors' Report

For the Year Ended 31 March 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Directors' responsibilities statement

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

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

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £228,000 (2015 - loss £226,000).

Directors

The directors who served during the year were:

E Chidgey (resigned 10 September 2015)
M B P Fitzgerald (appointed 10 September 2015, resigned 17 June 2016)
K Lynch (appointed 16 March 2016)
P Martin (appointed 16 March 2016)

Future developments

The directors do not anticipate any significant future developments in the Company's business.

Employee involvement

The group has established a strong practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group. The directors have established an employee forum in order to further enhance employee involvement. This has started successfully and is attended by directors to ensure that feedback is acted upon. In addition there are annual employee roadshows and regular newsletters.

Essex Employment and Inclusion Limited

Directors' Report

For the Year Ended 31 March 2016

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 Employment and Inclusion Limited is an equal opportunities employer.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.


Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

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

This report was approved by the board on *5th September 2016* and signed on its behalf.


K Lynch
Director



Independent Auditor's Report to the Members of Essex Employment and Inclusion Limited

We have audited the financial statements of Essex Employment and Inclusion Limited for the year ended 31 March 2016, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent Auditor's Report to the Members of Essex Employment and Inclusion Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

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

6 September 2016

Essex Employment and Inclusion Limited

Statement of Comprehensive Income

For the Year Ended 31 March 2016

	Note	2016 £	2015 £
Administrative expenses		(7,074,608)	(5,441,694)
Other operating income	4	6,820,608	5,130,694
Operating loss	5	(254,000)	(311,000)
Other finance income		26,000	85,000
Loss before tax		(228,000)	(226,000)
Loss for the year		(228,000)	(226,000)
Other comprehensive income for the year			
Actuarial gains / (losses) on defined benefit pension scheme		70,000	(1,197,000)
Other comprehensive income for the year		70,000	(1,197,000)
Total comprehensive income for the year		(158,000)	(1,423,000)

The notes on pages 9 to 16 form part of these financial statements.

Balance Sheet

As at 31 March 2016

	Note	2016 £	2015 £
Current assets			
Debtors: amounts falling due within one year	8	100	100
		<u>100</u>	<u>100</u>
Creditors: amounts falling due within one year	9	(238,686)	(238,686)
Net current liabilities		<u>(238,586)</u>	<u>(238,586)</u>
Total assets less current liabilities		<u>(238,586)</u>	<u>(238,586)</u>
 Pension asset		 463,000	 621,000
Net assets		<u>224,414</u>	<u>382,414</u>
 Capital and reserves			
Called up share capital	10	100	100
Profit and loss account		224,314	382,314
		<u>224,414</u>	<u>382,414</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

5th September 2016


K Lynch
Director

The notes on pages 9 to 16 form part of these financial statements.

Essex Employment and Inclusion Limited

Statement of Changes in Equity
For the Year Ended 31 March 2016

	Share capital £	Retained earnings £	Total equity £
At 1 April 2015	100	382,314	382,414
Comprehensive income for the year			
Loss for the year	-	(228,000)	(228,000)
Actuarial gains on pension scheme	-	70,000	70,000
Other comprehensive income for the year	-	70,000	70,000
Total comprehensive income for the year	-	(158,000)	(158,000)
At 31 March 2016	100	224,314	224,414

The notes on pages 9 to 16 form part of these financial statements.

Essex Employment and Inclusion Limited

Statement of Changes in Equity
For the Year Ended 31 March 2015

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2014	100	1,805,314	1,805,414
Comprehensive income for the year			
Loss for the year	-	(226,000)	(226,000)
Actuarial losses on pension scheme	-	(1,197,000)	(1,197,000)
Other comprehensive income for the year	-	(1,197,000)	(1,197,000)
Total comprehensive income for the year	-	(1,423,000)	(1,423,000)
At 31 March 2015	100	382,314	382,414

The notes on pages 9 to 16 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. General information

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

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 March 2016.

The company transitioned from previously extant UK GAAP to FRS 102 as at 1 April 2014. The effects of transition have been detailed in note 13.

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Essex Cares Limited as at 31 March 2016 and these financial statements may be obtained from Companies House.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom 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.

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

The following principal accounting policies have been applied:

2.2 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.

2.3 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.3 Financial instruments (continued)

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 payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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 balance sheet date.

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

2.4 Creditors

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

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.5 Pensions

Defined benefit pension plan

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

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

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

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

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

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

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

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

2.6 Provisions for liabilities

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

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

Notes to the Financial Statements

For the Year Ended 31 March 2016

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

The directors consider there to be no key sources of estimation uncertainty.

4. Other operating income

	2016 £	2015 £
Fees receivable	6,820,608	5,130,694
	<u>6,820,608</u>	<u>5,130,694</u>

5. Operating loss

The operating loss is stated after charging:

	2016 £	2015 £
Defined benefit pension cost	245,167	121,149
	<u>245,167</u>	<u>121,149</u>

During the year, no director received any emoluments (2015 - £NIL).

6. Employees

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	5,997,582	4,557,202
Social security costs	388,859	270,343
Cost of defined benefit scheme	245,167	121,149
	<u>6,631,608</u>	<u>4,948,694</u>

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

	2016 No.	2015 No.
Staff	360	272
	<u>360</u>	<u>272</u>

7. Other finance costs

	2016 £	2015 £
Net interest on net defined benefit liability	26,000	85,000
	<u>26,000</u>	<u>85,000</u>

Essex Employment and Inclusion Limited

Notes to the Financial Statements

For the Year Ended 31 March 2016

8. Debtors

	2016	2015
	£	£
Called up share capital not paid	100	100
	<u>100</u>	<u>100</u>

9. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Amounts owed to group undertakings	238,686	238,686
	<u>238,686</u>	<u>238,686</u>

10. Share capital

	2016	2015
	£	£
Allotted and called up		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

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.

Reconciliation of present value of plan liabilities:

	2016 £	2015 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	19,344,000	15,580,000
Current service cost	443,000	485,000
Interest income	645,000	707,000
Actuarial gains/losses	(1,147,000)	2,824,000
Contributions	106,000	148,000
Benefits paid	(431,000)	(400,000)
Gain/loss on settlement or curtailment	(201,000)	-
At the end of the year	18,759,000	19,344,000

	2016 £	2015 £
Reconciliation of fair value of plan assets		
At the beginning of the year	19,965,000	17,624,000
Interest income	671,000	792,000
Interest cost	(232,000)	1,627,000
Contributions	295,000	330,000
Benefits paid	(431,000)	(400,000)
Gain/loss on settlement or curtailment	(191,000)	-
Administration expenses	(10,000)	(8,000)
At the end of the year	20,067,000	19,965,000

Composition of plan assets:

2016 £	2015 £
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Notes to the Financial Statements

For the Year Ended 31 March 2016

11. Pension commitments (continued)

Equities	13,581,000	13,430,000
Gilts	592,000	877,000
Other bonds	963,000	1,911,000
Property	2,390,000	2,169,000
Cash	652,000	438,000
Alternative assets	892,000	1,140,000
Other managed funds	997,000	-
Total plan assets	20,067,000	19,965,000
	2016	2015
	£	£
Fair value of plan assets	20,067,000	19,965,000
Present value of plan liabilities	(18,759,000)	(19,344,000)
Impact of asset ceiling	(845,000)	-
Net pension scheme asset	463,000	621,000
The amounts recognised in profit or loss are as follows:		
	2016	2015
	£	£
Current service cost	(433,000)	(485,000)
Interest on obligation	26,000	85,000
Administration expenses	(10,000)	(8,000)
Total	(417,000)	(408,000)

The Company expects to contribute £89,000 to its Defined benefit pension scheme in 2017.

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

	2016	2015
	%	%
Discount rate	3.70	3.40
Future salary increases	2.80	2.80
Future pension increases	2.05	2.05
RPI increases	3.05	3.05
CPI increases	2.05	2.05
Mortality rates		
- for a male aged 65 now	22.9	22.8

Notes to the Financial Statements

For the Year Ended 31 March 2016

11. Pension commitments (continued)

- at 65 for a male aged 45 now	25.2	25.1
- for a female aged 65 now	25.3	25.2
- at 65 for a female member aged 45 now	27.7	27.6

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

Defined benefit pension schemes

	2016	2015	2014
	£	£	£
Defined benefit obligation	(18,759,000)	(19,344,000)	(15,580,000)
Impact of asset ceiling	(845,000)	-	-
Scheme assets	20,067,000	19,965,000	17,624,000
Surplus	463,000	621,000	2,044,000
Experience adjustments on scheme liabilities	1,147,000	(2,824,000)	1,704,000
Experience adjustments on scheme assets	(1,077,000)	1,627,000	271,000
	70,000	(1,197,000)	1,975,000

12. Ultimate controlling party

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

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

13. First time adoption of FRS 102

The first time adoption of FRS 102 has required the restatement of the 2015 pension assumptions. This has resulted in an increase in amounts charged to the statement of comprehensive income; £408,000. as restated (£143,000 as previously disclosed). Additionally a there has been a decrease in the amounts recognised as other comprehensive income; £70,000 loss as restated (£1,197,000 gain as previously disclosed). There have been no changes to the pension asset recognised.