
ESSEX CARES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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ESSEX CARES LIMITED

COMPANY INFORMATION

Directors	P W George K Lynch P J Martin W Thomas G R Benn J T Coogan P A Channer (appointed 9 May 2018) M McDonagh (appointed 1 September 2019) C Shuter (appointed 1 June 2019)
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 2019

Principal activities

The principal activities of the company and the group are those of providing social care and associated products and services.

Business review

The financial position continues to improve due to the exiting of unviable contracts, reducing both operational and overhead costs through efficiency programmes whilst at the same time growing income.

The most significant growth has come via the contract for Enablement services in Essex which was awarded to Essex Cares Limited (ECL) following a significant provider failure. This service augmented the successful Short Term Support service which created operational synergies.

Other key contracts such as the West Sussex Reablement service and the equipment service have continued to perform well delivering excellent contract KPI performance as well as meeting all financial expectations.

The second half of the year saw the change from a block contract arrangement for our Day Opportunities service in Essex to a new framework. This has been a challenging time as there were multiple issues with the implementation of the framework and this has had a negative effect on the numbers of new customers coming into the service. We are working closely with Essex County Council to address many of these implementation issues and have been prudent in our expectations for framework driven income going forward. A pleasing mitigation to these issues has been the steady growth in our private payer numbers which has enjoyed double digit growth for the second year demonstrating the strength of our offer in the market.

Market engagement is very positive as more highly geared providers continue to exit the market and commissioners seek reliable, good value partners who place an emphasis on quality and customer outcomes.

Principal risks and uncertainties

In addition to the Day Opportunities Framework challenges we are also focused on securing a long term contract in our Equipment service in order to invest and innovate in the service ensuring that it remains high performing and attractive to commissioners.

ESSEX CARES LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Financial key performance indicators

KPI's for the financial year 2018/19 show that Income has increased from £38.113m to £40.456m, an increase of 6.1%. The commencement of the Renablement countywide contract has resulted in a previously unbudgeted growth in revenue.

Profit before taxation of £670k has increased by 6.9% from the previous year (2017/18: £627k) due to the aforementioned Enablement growth and due to a more streamlined cost control and efficiencies in the Equipment service.

Current Ratio compared to the prior year has increased from 1.22 to 1.60 and reflects the improved contract relationships, the growth of the business, and ensuring that liabilities with our shareholder are settled as promptly as cash flow allows. This enables a more accurate cash position and the ability to plan further investment into the business.

Employee Costs have as a percentage of revenue increased by 5.5% between 2017/18 and 2018/19 to 45.9% due to the expansion of the Enablement service within Essex.

This report was approved by the board on 4th October 2019. and signed on its behalf.



K Lynch
Director

ESSEX CARES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Results and dividends

The profit for the year, after taxation, but before other gains and losses amounted to £620,871 (2018 - £632,376).

Directors

The directors who served during the year were:

P W George
K Lynch
P J Martin
W Thomas
G R Benn
J T Coogan
P A Channer (appointed 9 May 2018)
S Canning (resigned 9 May 2018)

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

ESSEX CARES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Future developments

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

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

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

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

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.

Disclosure of information to auditor

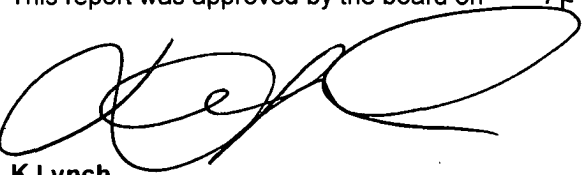
The directors confirm that:

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

Auditor

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

This report was approved by the board on 4th October 2019. and signed on its behalf.



K Lynch
Director



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

Opinion

We have audited the financial statements of Essex Cares Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

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

Matters on which we are required to report by exception

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

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



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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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

Grant Thornton UK LLP

Timothy Taylor FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Chelmsford

Date: 10 OCTOBER 2019

ESSEX CARES LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	<i>Note</i>	2019 £	2018 <i>As restated</i> £
Turnover		40,455,587	38,112,598
Cost of sales		(10,815,295)	(12,533,808)
Gross profit		29,640,292	25,578,790
Administrative expenses		(29,014,904)	(24,902,536)
Operating profit	5	625,388	676,254
Interest receivable and similar income	9	5,414	189
Interest payable and similar expenses	10	(30,599)	(97,307)
Other finance income	11	70,000	48,000
Profit before taxation		670,203	627,136
Tax on profit	12	(49,332)	5,240
Profit for the financial year		620,871	632,376
Actuarial gains on defined benefit pension scheme		5,386,000	2,174,000
Other comprehensive income for the year		5,386,000	2,174,000
Total comprehensive income for the year		6,006,871	2,806,376

There were no recognised gains and losses for 2019 or 2018 other than those included in the Consolidated Statement of Comprehensive Income.

The notes on pages 16 to 39 form part of these financial statements.

ESSEX CARES LIMITED
REGISTERED NUMBER:06723149

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	<i>Note</i>	2019 £	2018 £
Fixed assets			
Intangible assets	13	22,609	127,378
Tangible assets	14	1,218,354	906,850
		<u>1,240,963</u>	<u>1,034,228</u>
Current assets			
Stocks	16	843,135	879,426
Debtors: amounts falling due after more than one year	17	100	100
Debtors: amounts falling due within one year	17	9,409,597	6,721,435
Cash at bank and in hand	18	258,937	16,906
		<u>10,511,769</u>	<u>7,617,867</u>
Creditors: amounts falling due within one year	19	(6,572,861)	(6,238,313)
Net current assets		<u>3,938,908</u>	<u>1,379,554</u>
Total assets less current liabilities		<u>5,179,871</u>	<u>2,413,782</u>
Creditors: amounts falling due after more than one year	20	(331,130)	(366,245)
Provisions for liabilities			
Other provisions	22	(262,692)	(259,359)
		<u>(262,692)</u>	<u>(259,359)</u>
Net assets excluding pension asset		<u>4,586,049</u>	<u>1,788,178</u>
Pension asset	26	5,339,000	2,130,000
Net assets		<u><u>9,925,049</u></u>	<u><u>3,918,178</u></u>

ESSEX CARES LIMITED
REGISTERED NUMBER:06723149

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Capital and reserves			
Called up share capital	23	100	100
Profit and loss account	24	9,924,949	3,918,078
Equity attributable to owners of the parent company		<u>9,925,049</u>	<u>3,918,178</u>

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



K Lynch
Director

4th October 2019.

The notes on pages 16 to 39 form part of these financial statements.

ESSEX CARES LIMITED
REGISTERED NUMBER:06723149

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	<i>Note</i>	2019 £	2018 £
Fixed assets			
Intangible assets	13	22,609	127,378
Tangible assets	14	1,218,354	906,850
Investments	15	300	300
		<u>1,241,263</u>	<u>1,034,528</u>
Current assets			
Stocks	16	843,135	879,426
Debtors: amounts falling due after more than one year	17	100	100
Debtors: amounts falling due within one year	17	10,047,299	7,359,137
Cash at bank and in hand	18	258,937	16,906
		<u>11,149,471</u>	<u>8,255,569</u>
Creditors: amounts falling due within one year	19	(6,572,861)	(6,238,313)
Net current assets		<u>4,576,610</u>	<u>2,017,256</u>
Total assets less current liabilities		<u>5,817,873</u>	<u>3,051,784</u>
Creditors: amounts falling due after more than one year	20	(331,130)	(366,245)
Provisions for liabilities			
Other provisions	22	(262,692)	(259,359)
		<u>(262,692)</u>	<u>(259,359)</u>
Net assets excluding pension asset		<u>5,224,051</u>	<u>2,426,180</u>
Pension asset/liability		351,000	(44,000)
Net assets		<u><u>5,575,051</u></u>	<u><u>2,382,180</u></u>

ESSEX CARES LIMITED
REGISTERED NUMBER:06723149

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2019

	<i>Note</i>	2019 £	2018 £
Capital and reserves			
Called up share capital	23	100	100
Profit and loss account	24	5,574,951	2,382,080
		5,575,051	2,382,180

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


K. Lynch
Director

4th October 2019.

The notes on pages 16 to 39 form part of these financial statements.

ESSEX CARES LIMITED

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

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

The notes on pages 16 to 39 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£
At 1 April 2017	100	1,111,702	1,111,802
Comprehensive income for the year			
Profit for the year	-	632,376	632,376
Actuarial gains on pension scheme	-	2,174,000	2,174,000
Total comprehensive income for the year	-	2,806,376	2,806,376
At 31 March 2018	100	3,918,078	3,918,178

The notes on pages 16 to 39 form part of these financial statements.

ESSEX CARES LIMITED

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

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

The notes on pages 16 to 39 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£
At 1 April 2017	100	751,704	751,804
Comprehensive income for the year			
Profit for the year	-	1,452,376	1,452,376
Actuarial gains on pension scheme	-	178,000	178,000
	-	1,630,376	1,630,376
Total comprehensive income for the year			
At 31 March 2018	100	2,382,080	2,382,180

The notes on pages 16 to 39 form part of these financial statements.

ESSEX CARES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 £	2018 As restated £
Cash flows from operating activities		
Profit for the financial year	620,871	632,376
Adjustments for:		
Amortisation of intangible assets	111,884	107,098
Depreciation of tangible assets	296,463	304,228
Interest paid	30,599	97,307
Interest received	(75,414)	(48,189)
Taxation charge	49,332	-
Decrease in stocks	36,291	156,970
(Increase)/decrease in debtors	(2,688,168)	892,203
Increase/(decrease) in creditors	261,107	(1,820,987)
Increase in provisions	3,333	3,833
Increase in net pension assets/liabs	2,247,000	1,097,000
Net cash generated from operating activities	893,298	1,421,839
Cash flows from investing activities		
Purchase of intangible fixed assets	(7,115)	(11,910)
Purchase of tangible fixed assets	(607,967)	(145,757)
Interest received	5,414	34,189
Net cash from investing activities	(609,668)	(123,478)
Cash flows from financing activities		
Interest paid	(30,599)	(97,307)
Net cash used in financing activities	(30,599)	(97,307)
Net increase in cash and cash equivalents	253,031	1,201,054
Cash and cash equivalents at beginning of year	5,906	(1,195,148)
Cash and cash equivalents at the end of year	258,937	5,906
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	258,937	16,906
Bank overdrafts	-	(11,000)
	258,937	5,906

ESSEX CARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

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

The principal activities of the company and the group are those of providing social care and associated products and services.

The company's 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 2019.

Company registered number: 06723149.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

ESSEX CARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.3 Going concern

The group has access to an agreed borrowing facility with Essex County Council, its parent entity. The agreement is renewed annually to March, and the directors have received confirmation that the parent company is not aware of any reasons as to why the facility would not be renewed beyond March 2020. The directors have prepared their budget and cashflow forecasts on this basis.

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

Within the business, contracts with partners are either continuing or in the process of being renewed, and scenario analysis has been undertaken within management's five-year plan for those contracts that are yet to be renewed.

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

2.4 Revenue

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

At the Essex Equipment Service division, turnover represents sales of equipment to third parties net of the cost of buying the equipment back. In addition, there is also the recognition of ancillary handling and transit charges. Refurbishment charges are recognised and scrappage is borne at the cost of the third party.

2.5 Intangible assets

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

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

Amortisation is provided on the following bases:

Software	-	33% straight line
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Amortisation is charged to the statement of comprehensive income and included within administrative expenses.

ESSEX CARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.6 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.7 Operating leases: the group as lessee

Rentals paid under operating leases are charged to the Consolidated 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.

2.9 Stocks

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

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

2.10 Debtors

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

ESSEX CARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.11 Cash and cash equivalents

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

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

2.12 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the 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 Consolidated Statement of Comprehensive Income.

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

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

2.13 Creditors

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

ESSEX CARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.14 Finance costs

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

2.15 Pensions

Defined benefit pension plan

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

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

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

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

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

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

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

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

2.16 Interest income

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

ESSEX CARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.17 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 the Consolidated Statement of Comprehensive Income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.18 Taxation

Tax is recognised in the Consolidated 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.

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 26 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 2019**

4. Analysis of turnover

Analysis of turnover by business area:

	2019 £	2018 £
Mid Essex	4,774,588	4,675,673
North Essex	4,502,977	3,674,348
South Essex	7,923,420	6,773,881
West Essex	4,268,757	3,771,271
West Sussex	2,611,265	2,559,947
Sensory	708,465	644,208
Essex Equipment Services	15,661,946	16,011,465
Other	4,169	1,805
	<u>40,455,587</u>	<u>38,112,598</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 <i>As restated</i> £
Depreciation of tangible fixed assets	296,463	304,228
Amortisation of intangible assets, including goodwill	111,884	107,098
Other operating lease rentals	1,416,887	2,065,045
Defined benefit pension cost	<u>2,768,000</u>	<u>1,634,000</u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	<u>37,000</u>	<u>38,150</u>
Fees payable to the group's auditor and its associates in respect of:		
Accounts preparation	3,400	3,400
Other services relating to taxation	<u>10,000</u>	<u>5,100</u>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

7. Employees

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

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Wages and salaries	16,488,489	<i>13,885,045</i>	2,362,171	<i>2,683,620</i>
Social security costs	1,239,762	<i>1,012,643</i>	205,899	<i>183,168</i>
Cost of defined benefit scheme	850,682	<i>512,200</i>	141,281	<i>134,793</i>
	<u>18,578,933</u>	<i><u>15,409,888</u></i>	<u>2,709,351</u>	<i><u>3,001,581</u></i>

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

	2019 No.	<i>2018 No.</i>
Frontline staff	627	<i>550</i>
Support staff	238	<i>228</i>
Managerial staff	101	<i>81</i>
	<u>966</u>	<i><u>859</u></i>

8. Directors' remuneration

	2019 £	<i>2018 £</i>
Directors' emoluments	<u>637,787</u>	<i><u>548,479</u></i>

During the year retirement benefits were accruing to 4 directors (2018 - 4) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £183,944 (2018 - £169,001).

The amount of the accrued lump sum in respect of the highest paid director at 31 March 2019 amounted to £61,200 (2018 - £30,600).

9. Interest receivable

	2019 £	<i>2018 £</i>
Other interest receivable	<u>5,414</u>	<i><u>189</u></i>

ESSEX CARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10. Interest payable and similar expenses

	2019 £	2018 £
Other interest payable	30,599	97,307

11. Other finance income

	2019 £	2018 £
Net interest on net defined benefit scheme	70,000	48,000

12. Taxation

	2019 £	2018 £
Corporation tax		
UK corporation tax at 19.00% (PY: 19.00%)	49,270	-
Adjustments in respect of prior periods	62	(5,240)
	49,332	(5,240)
Total current tax	49,332	(5,240)
Deferred tax		
Total deferred tax	-	-
Taxation on profit/(loss) on ordinary activities	49,332	(5,240)

ESSEX CARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	2,701,203	1,447,136
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	513,229	274,956
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,113	1
Amounts (charged)/ credited directly to equity or otherwise transferred	-	17,100
Adjustments to tax charge in respect of prior periods	62	(5,214)
Amounts relating to other comprehensive income or otherwise transferred	(3,420)	-
Adjustments to losses	(126,708)	-
Non-taxable income	(298,114)	(44,988)
Adjust closing deferred tax to average rate of 19.00%	399	4,591
Adjust opening deferred tax to average rate of 19.00%	(4,591)	(30,595)
Deferred tax charged directly to equity	(35,637)	(221,030)
Rounding	(1)	(61)
Total tax charge for the year	49,332	(5,240)

Factors that may affect future tax charges

There will be a further reduction in the main rate of corporation tax from 19% to 17% effective from 1 April 2020.

ESSEX CARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

13. Intangible assets

Group

	<i>Computer software £</i>
Cost	
At 1 April 2018	932,898
Additions	7,115
At 31 March 2019	<u>940,013</u>
Amortisation	
At 1 April 2018	805,520
Charge for the year	111,884
At 31 March 2019	<u>917,404</u>
Net book value	
At 31 March 2019	<u>22,609</u>
At 31 March 2018	<u>127,378</u>

ESSEX CARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

13. Intangible assets (continued)

Company

	Computer software £
Cost	
At 1 April 2018	932,898
Additions	7,115
At 31 March 2019	<u>940,013</u>
Amortisation	
At 1 April 2018	805,520
Charge for the year	111,884
At 31 March 2019	<u>917,404</u>
Net book value	
At 31 March 2019	<u>22,609</u>
At 31 March 2018	<u>127,378</u>

ESSEX CARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

14. Tangible fixed assets

Group

	<i>Land & buildings</i> £	<i>L/Term Leasehold Property</i> £	<i>Plant & machinery</i> £	<i>Fixtures & fittings</i> £	<i>Office equipment</i> £	<i>Total</i> £
Cost or valuation						
At 1 April 2018	-	610,409	523,679	965,920	177,934	2,277,942
Additions	542,242	-	52,258	-	13,467	607,967
At 31 March 2019	542,242	610,409	575,937	965,920	191,401	2,885,909
Depreciation						
At 1 April 2018	-	183,123	357,685	692,638	137,646	1,371,092
Charge for the year on owned assets	2,872	61,041	56,096	163,366	13,088	296,463
At 31 March 2019	2,872	244,164	413,781	856,004	150,734	1,667,555
Net book value						
At 31 March 2019	539,370	366,245	162,156	109,916	40,667	1,218,354
At 31 March 2018	-	427,286	165,994	273,282	40,288	906,850

ESSEX CARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

14. Tangible fixed assets (continued)

Company

	<i>Land & buildings</i> £	<i>L/Term Leasehold Property</i> £	<i>Plant & machinery</i> £	<i>Fixtures & fittings</i> £	<i>Office equipment</i> £	<i>Total</i> £
Cost or valuation						
At 1 April 2018	-	610,409	523,679	965,920	177,934	2,277,942
Additions	542,242	-	52,258	-	13,467	607,967
At 31 March 2019	542,242	610,409	575,937	965,920	191,401	2,885,909
Depreciation						
At 1 April 2018	-	183,123	357,685	692,638	137,646	1,371,092
Charge for the year on owned assets	2,872	61,041	56,096	163,366	13,088	296,463
At 31 March 2019	2,872	244,164	413,781	856,004	150,734	1,667,555
Net book value						
At 31 March 2019	539,370	366,245	162,156	109,916	40,667	1,218,354
At 31 March 2018	-	427,286	165,994	273,282	40,288	906,850

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

15. Fixed asset investments

Company

	<i>Investments in subsidiary companies £</i>
Cost or valuation	
At 1 April 2018	300
	<hr/>
At 31 March 2019	300
	<hr/> <hr/>

16. Stocks

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Finished goods and goods for resale	843,135	879,426	843,135	879,426
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Stock recognised in cost of sales during the year as an expense was £10,815,915 (2018 - £12,533,808).

An impairment loss of £Nil (2018 - £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 2019

17. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due after more than one year				
Other debtors	100	100	100	100
	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due within one year				
Trade debtors	410,000	256,321	410,000	256,321
Amounts owed by parent company	4,573,099	3,094,740	4,573,099	3,094,740
Amounts owed by group companies	-	-	637,702	637,702
Other debtors	-	92,324	-	92,324
Prepayments and accrued income	4,426,498	3,278,050	4,426,498	3,278,050
	9,409,597	6,721,435	10,047,299	7,359,137

Trade receivables are stated net of an amount provided for doubtful debts. The provision at the year end was £191,171 (2018 - £75,000).

18. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	258,937	16,906	258,937	16,906
Less: bank overdrafts	-	(11,000)	-	(11,000)
	258,937	5,906	258,937	5,906

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

19. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	-	11,000	-	11,000
Trade creditors	786,366	910,269	786,366	910,269
Amounts owed to parent company	1,269,633	1,286,406	1,269,633	1,286,406
Corporation tax	49,332	-	49,332	-
Other taxation and social security	484,189	372,063	484,189	372,063
L/Term Leasehold Property Obligation	67,633	61,041	67,633	61,041
Accruals and deferred income	3,915,708	3,597,534	3,915,708	3,597,534
	6,572,861	6,238,313	6,572,861	6,238,313

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
L/Term Leasehold Property Obligation	331,130	366,245	331,130	366,245

21. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Financial assets measured at amortised cost	9,668,634	6,738,441	10,306,336	7,376,143
Financial liabilities				
Financial liabilities measured at amortised cost	(5,971,707)	(5,805,209)	(5,971,707)	(5,805,209)

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

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

ESSEX CARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

22. Provisions

Group

	<i>Buildings dilapidations provision</i> £	<i>Total</i> £
At 1 April 2018	259,359	259,359
Utilised in year	3,333	3,333
At 31 March 2019	262,692	262,692

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.

Company

	<i>Buildings dilapidations provision</i> £	<i>Total</i> £
At 1 April 2018	259,359	259,359
Utilised in year	3,333	3,333
At 31 March 2019	262,692	262,692

Buildings dilapidations provision

This provision is for the amount which has been valued by an external party that it would cost to return the buildings which are being leased to their original state.

ESSEX CARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

23. Share capital

	2019 £	2018 £
Allotted, called up and unpaid		
100 (2018 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

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

24. Reserves

Profit & loss account

Includes all current and prior period profits and losses.

25. Prior period adjustment

During the year, the Company reviewed the terms of one particular scheme that it had adopted under the terms of a contract and consequently elected to account for it as a defined benefit pension scheme and to restate the prior year figures accordingly. Previously the Company had accounted for the pension scheme as a defined contribution scheme.

This has resulted in the Company recognising the fair value of the assets of the scheme, the present value of its obligations under the defined benefit plan at the reporting date, the asset ceiling, the main assumptions, the expected return on assets and the components of the defined benefit cost for the year, together with the consequential adjustments to items such as deferred taxation, other comprehensive income and cumulative reserves.

The effect of this prior period adjustment on opening reserves as at 1 April 2018 was £nil.

The effect of this prior period adjustment in the comparative year is a decrease in profit of £90,000 in the Statement of Comprehensive Income and a corresponding increase of £90,000 in Other Comprehensive Income, relating to the recognition of actuarial movements. At the 31 March 2018 the net defined benefit pension asset was £797,000 with a corresponding pension asset ceiling of £797,000, resulting in the pension asset being capped at £nil.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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.

As a result of the Court of Appeal judgement on the McCloud and Sargeant cases (the McCloud/Sargeant judgement), the directors instructed Barnett Waddingham to undertake calculations to estimate the possible impact of any amendments that may be required to the Local Government Pension Schemes (LGPS) based on analysis carried out by the Government Actuary's Department. The estimate of the potential impact on the Employer's defined benefit obligation was not material and has therefore not been adjusted.

During the year, the company reviewed the terms of one particular scheme that it had adopted under the terms of a contract and consequently elected to account for it as a defined benefit pension scheme and to restate the prior year and opening reserves accordingly. Please refer to note 26 for further details.

Reconciliation of present value of plan liabilities:

	Group	<i>Group</i>	Company	<i>Company</i>
	2019	<i>As restated</i>	2019	<i>As restated</i>
	£	<i>2018</i>	£	<i>2018</i>
		<i>£</i>		<i>£</i>
At the beginning of the year	72,528,000	67,235,000	15,769,000	14,727,000
Current service cost	1,599,000	1,588,000	356,000	437,000
Interest cost	1,868,000	1,863,000	410,000	402,000
Actuarial gains/losses	4,098,000	2,618,000	1,122,000	331,000
Contributions	256,000	264,000	59,000	73,000
Benefits paid	(1,559,000)	(1,060,000)	(240,000)	(221,000)
Gain/loss on settlement or curtailment	45,000	20,000	-	20,000
Change in demographic assumptions	(3,938,000)	-	(575,000)	-
Transfer of employees under new contract	2,895,000	-	-	-
At the end of the year	77,792,000	<i>72,528,000</i>	16,901,000	<i>15,769,000</i>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

26. Pension commitments (continued)

Reconciliation of present value of plan assets:

	Group	<i>Group As restated</i>	Company	<i>Company As restated</i>
	2019	2018	2019	2018
	£	£	£	£
At the beginning of the year	76,494,000	71,724,000	16,522,000	15,474,000
Interest income	1,965,000	1,991,000	431,000	421,000
Return on assets less interest	4,200,000	3,098,000	808,000	597,000
Contributions	777,000	767,000	252,000	255,000
Benefits paid	(1,559,000)	(1,060,000)	(240,000)	(221,000)
Administration expenses	(27,000)	(26,000)	(4,000)	(4,000)
Transfer of employees under new contract	1,798,000	-	-	-
At the end of the year	83,648,000	76,494,000	17,769,000	16,522,000

Composition of plan assets:

	Group	<i>Group As restated</i>	Company	<i>Company As restated</i>
	2019	2018	2019	2018
	£	£	£	£
Equities	51,302,000	49,010,000	10,285,000	9,869,000
Gilts	4,073,000	4,662,000	576,000	672,000
Other bonds	6,973,000	4,978,000	3,123,000	2,750,000
Property	7,444,000	7,160,000	1,587,000	1,472,000
Cash	2,297,000	2,667,000	563,000	604,000
Alternative assets	7,482,000	5,176,000	1,058,000	746,000
Other managed funds	4,077,000	2,841,000	577,000	410,000
Total plan assets	83,648,000	76,494,000	17,769,000	16,523,000

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

26. Pension commitments (continued)

	Group	<i>Group As restated</i>	Company	<i>Company As restated</i>
	2019	2018	2019	2018
	£	£	£	£
Fair value of plan assets	83,648,000	76,494,000	17,769,000	16,522,000
Present value of plan liabilities	(77,792,000)	(72,528,000)	(16,901,000)	(15,769,000)
Impact of asset ceiling	(517,000)	(1,836,000)	(517,000)	(797,000)
Net pension asset	5,339,000	2,130,000	351,000	(44,000)

The amounts recognised in profit or loss are as follows:

	Group	<i>Group As restated</i>	Company	<i>Company As restated</i>
	2019	2018	2019	2018
	£	£	£	£
Current service cost	(2,741,000)	(1,608,000)	(356,000)	(457,000)
Interest on defined benefit scheme	70,000	48,000	21,000	16,000
Administration expenses	(27,000)	(26,000)	(4,000)	(4,000)
Total	(2,698,000)	(1,586,000)	(339,000)	(445,000)

The group expects to contribute £557,000 (2018: £506,000) to its Defined Benefit Pension Scheme in 2020.

The company expects to contribute £192,000 (2018: £186,000) to its Defined Benefit Pension Scheme in 2020.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

26. Pension commitments (continued)

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

	2019 %	2018 %
Discount rate	2.40	2.55
Future salary increases	3.15	3.05
Future pension increases	2.40	2.30
RPI increases	3.40	3.30
CPI increases	2.40	2.30
Mortality rates		
- for a male aged 65 now	21.3	22.20
- at 65 for a male aged 45 now	22.9	24.40
- for a female aged 65 now	23.6	24.70
- at 65 for a female member aged 45 now	25.4	27.00

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

Group defined benefit pension schemes

	2019 £	2018 <i>As restated</i> £	2017 <i>As restated</i> £	2016 <i>As restated</i> £
Defined benefit obligation	(77,792,000)	(72,528,000)	(67,235,000)	(58,621,000)
Impact of asset ceiling	(517,000)	(1,836,000)	(2,856,000)	(3,060,000)
Scheme assets	83,648,000	76,494,000	71,724,000	63,112,000
Surplus	5,339,000	2,130,000	1,633,000	1,431,000

Company defined benefit pension schemes

	2019 £	2018 <i>As restated</i> £	2017 <i>As restated</i> £	2016 <i>As restated</i> £
Defined benefit obligation	(16,901,000)	(15,769,000)	(14,727,000)	(11,539,000)
Impact of asset ceiling	(517,000)	(797,000)	(112,000)	(109,000)
Scheme assets	17,769,000	16,522,000	15,474,000	12,478,000
Surplus/ (Deficit)	351,000	(44,000)	635,000	830,000

ESSEX CARES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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27. Commitments under operating leases

At 31 March 2019 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Not later than 1 year	301,788	417,300	301,788	417,300
Later than 1 year and not later than 5 years	939,038	1,034,388	939,038	1,034,388
Later than 5 years	171,343	377,781	171,343	377,781
	<u>1,412,169</u>	<u>1,829,469</u>	<u>1,412,169</u>	<u>1,829,469</u>

28. Related party transactions

The company has taken advantage of the exemption in FRS 102 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 £727,937 (2018: £604,357).

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.