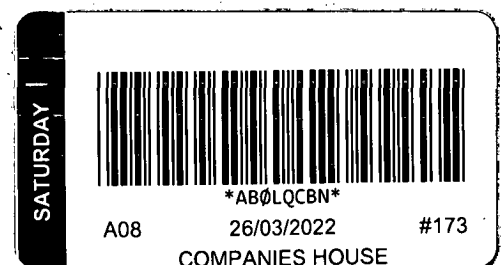


Registered number: 06723149

ESSEX CARES LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**



ESSEX CARES LIMITED

COMPANY INFORMATION

Directors	K Lynch J T Coogan M A McDonagh C L Shuter I Grundy (appointed 11 June 2021) S T Bennett (appointed 1 April 2021) V Manchanda (appointed 1 October 2020) B J Moore (appointed 1 December 2020)
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 2021

Principal Activities

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

Business Review

This year has seen extreme challenges for the company as it dealt with the effects of the COVID-19 pandemic. Our community teams were impacted by high levels of absence as a result of infection, shielding, quarantine and school closures. This affected business volumes particularly in the first wave. Throughout the year the situation improved as testing became available, PPE was in better supply and latterly, vaccinations were rolled out to front line teams. In our Day Centres there were challenges to find new and innovative ways to support customers who were unable to attend our centres due to COVID-19 restrictions. The company has invested in digital capability recently and we were able to take advantage of this and provide a range of online offers which received positive feedback from customers and their families.

One strategic development that we were able to continue with was the launch of our new Inclusive Employment service which focuses on supporting people with Learning Disabilities into meaningful employment. Despite the pandemic creating dislocation in the jobs market we have been able to support 60 customers into paid employment over the last 12 months. This is a great achievement and it gives us great confidence for the onward development of the service.

The financial challenges of the first quarter were off set by the successful delivery of some one-off opportunities that we were able to deliver in support of the system wide effort to deal with the numbers of people being hospitalised. These included expansion of our core reablement services across the South of England and the establishment of a Designated Setting for COVID positive and negative customers in a care home that had previously been decommissioned. We have also received one off funding payments from Government for COVID costs incurred such as PPE.

Due to the unprecedented demand for our services we have continued to recruit and expand our front line teams throughout the year which has provided an offset during the months of high staff absence but also the capacity to take on higher volumes which was seen by the last quarter.

The Board took the decision to proceed with our single largest investment programme this year despite the uncertainties of the pandemic. The implementation of our Enterprise Resource Planning system was a major programme which was successfully delivered mostly through remote working. It will deliver significant operational efficiencies in future years and provide the core capability to continue our business expansion.

Principal Risks and Uncertainties

Whilst there is a much improved picture as a result of the vaccination programme in the UK there is still a risk that mutant strains emerge which the current vaccines are not as effective against. This could create a third or fourth wave which we have not assumed in our business planning. We do feel much better prepared should this occur as a result of our experiences over the last year, but it would be a disruption to the business.

Inflation is a concern as economies return to growth and resources become scarce. For ECL this is going to be most acutely felt in the labour market where wage inflation will erode our margins and an inability to recruit will stunt our growth ambitions. Our contracts are predominantly awarded from Local Government and they will have austerity pressures which will mean that they cannot automatically absorb these inflationary pressures.

Financial Key Performance Indicators

KPI's for the financial year 2020/21 show that Income has increased from £45.591m to £49.362m, an increase of 8.3%. The Essex Reablement service growing month on month and the guaranteed contract levels from Essex County Council were a factor in sustaining the steady growth that ECL achieved.

ESSEX CARES LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Profit after tax of £2.257m has increased from the previous year (2019/20: £1.839m) due to the aforementioned revenue growth in demand, the support of COVID-related grants from local government and the fact that as some of our operations were not physically open, the staffing levels did not grow as expected in some contracts, which saved a lot of subsequent wage costs.

Current Ratio compared to the prior year has increased from 1.83 to 2.02 and reflects the management of the contract relationships, the growth of the business, and ensuring that liabilities with our shareholder are settled as promptly as cash flow allows. This enables an increased ability to provide investment as the company looks to expand both in service and geographic coverage as part of the longer term strategy.

Employee Costs have as a percentage of revenue increased by 4.1% between 2019/20 and 2020/21 to 58.0% due to the demand of the growing Reablement and Equipment contracts.

S172(1) Companies Act Declaration

The Board of ECL consider that they have acted, in good faith, and their actions have been to promote the success of the company 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 company financially, operationally, ethically and reputationally on a material scale are agreed by the Senior Leadership Team and are referenced back to the company 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.
- Company 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 we can make a real difference to their lives.
- Community and Environmental impact – being a social care company automatically has an impact on the community, although the ethos and drive that has come through operational and financial control has enabled this company to garner a good market share, which in turn leads to further efficiencies, and subsequently, the greater our standing becomes in the community.
- 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 company are dealt with appropriately and within the confines of all legislative guidelines.

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


K Lynch
Director

Date: 24/3/2022

ESSEX CARES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their report and the financial statements for the year ended 31 March 2021.

Results and dividends

The profit for the year, after taxation, but before other gains and losses amounted to £2,257,406 (2020 - £1,839,169).

During the year, the Company paid dividends totalling £852,450 (2020: £333,631). No final dividend is proposed.

Directors

The directors who served during the year were:

K Lynch
G R Benn (resigned 30 September 2021)
J T Coogan
P A Channer (resigned 30 April 2021)
M A McDonagh
C L Shuter
V Manchanda (appointed 1 October 2020)
B J Moore (appointed 1 December 2020)
P Martin (resigned 31 August 2020)

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 2021**

Future developments and Going Concern

ECL has played a significant role throughout the pandemic as a crucial part of the health and social care system. Our contracts have provided significant financial protection when capacity was reduced through staff infection rates. Demand for our services throughout this period has been extremely high which has provided additional in-year opportunities for the business.

The majority of our income is now secured through multi-year contracts and successful delivery of these has led to expansion across each of these reflecting the ongoing demand for our service and the reputation that we have for high quality delivery. The long-term effects in the residential market will continue to move demand towards community provision and as such we are continuing to focus on workforce expansion to maximise this opportunity.

Our long-term plans remain on track and the business has continued to invest through out the pandemic to ensure we remain competitive and at the forefront of the industry. This has been particularly the case in technology where continued investment will provide on-going operational efficiencies as well as new service offerings.

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, 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.

ESSEX CARES LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

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.

As tenants in our sites we have limited scope for capital expenditure projects and limited visibility of our energy use. During this financial period we have made an effort to gain better visibility of our energy use, both in buildings and vehicles. We have reduced the percentage of estimated electricity and natural gas data from 35% and 60%, to 28% and 49% respectively. We have also implemented changes to our expenses system at the end of the financial period to record vehicle specifications alongside mileage claims which will allow for more accuracy in future. Our overall energy consumption this period has reduced by 995.4 MWh or 11%, and our greenhouse gas emissions have reduced by 201.3 tonnes CO₂e, or 10%. This is in part due to reducing the total floor area at our sites, however the intensity of energy consumption and emissions per 1000m² has also improved since last year by 38.2 MWh and 7.4 tonnes CO₂e respectively.

Source of Energy & Emissions

	Energy Consumption (MWh)		GHG Emissions (tCO ₂ e)	
	2021	2020	2021	2020
Combustion of Natural Gas	2,678.13	3,322.96	492.43	610.99
Combustion of Fuel in Company Vehicles	1,284.55	976.28	327.20	248.53
Other Activities inc. Process & Fugitive	-	-	-	-
Scope 1 Total	3,962.68	4,299.24	819.63	859.53
Generation of Purchased Electricity	909.71	1,041.99	212.09	242.93
Scope 2 Total	909.71	1,041.99	212.09	242.93
Combustion of Fuel in Staff Vehicles	2,861.62	3,388.20	709.49	840.05
Scope 3 Total	2,861.62	3,388.20	709.49	840.05
Grand Total	7,734.01	8,729.43	1,741.21	1,942.50

ESSEX CARES LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

	Energy Consumption (MWh)		GHG Emissions (tCO ₂ e)	
	2021	2020	2021	2020
Intensity per 1000 m ² Gross Floor Area	429.67	467.89	96.73	104.12

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	0.23314
Natural gas (Standard UK grid)	kg CO ₂ e/kWh (Gross CV)	0.18387
Diesel	kg CO ₂ e/litre	2.54603
	kg CO ₂ e/kWh (Net CV)	0.25568

Vehicle Type	Conversion	Factor
Average Car: Unknown Fuel	kWh/mile (Net CV)	1.11256
	kg CO ₂ e/mile	0.27584

Fuel	Month	Average Price (ppl)
Diesel (DERV)	April 2020	115.813
	May 2020	111.616
	June 2020	111.902
	July 2020	116.548
	August 2020	117.674
	September 2020	117.997
	October 2020	117.850
	November 2020	117.050
	December 2020	118.662
	January 2021	121.735
	February 2021	124.913
	March 2021	128.109

Building Type	Benchmark	Factor
Day Care Centre	Electricity: kWh/m ²	50.09
	Fossil Thermic: kWh/m ²	141.65
General Office	Electricity: kWh/m ²	95
	Fossil Thermic: kWh/m ²	120
Restaurant	Electricity: kWh/m ²	90
	Fossil Thermic: kWh/m ²	370
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

ESSEX CARES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Utilities

Where possible, energy consumption expressed in kilowatt-hours 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. Electricity and gas consumption for the remaining sites has been estimating using benchmarks from "CIBSE TM46: Energy Benchmarks" (Categories 1, 7, 16, 21 & 28). 28% of electricity consumption and 49% of gas consumption has been estimated. Conversion factors for the average UK generation mix have been used to calculate greenhouse gas emissions.

Transport

For company-owned vans and pool cars the cost of fuel is recorded by fuel cards. The average monthly fuel price, taken from "Monthly and annual prices of road fuels and petroleum products" published by BEIS and the Office for National Statistics, has been used to estimate the volume of fuel consumed. The conversion factors for average forecourt blends' net calorific values 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): Average Car & Unknown Fuel" 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

The full launch and development of the enterprise resource planning system and ensuring that all modules are linking in with each other is the biggest challenge to ECL since the end of the financial year – this doesn't affect the delivery of the contracts and it's a testament to the staff working in both operations and support services working together through this challenge that is ensuring that ECL remains efficient and viable, considering the threat of the global pandemic has not completely subsided.

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.

ESSEX CARES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

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.



K Lynch
Director

Date: 24/3/2022



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 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements 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 2021 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 and the parent 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 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.

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 Brexit and Covid-19, 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.



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

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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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.



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

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.

Responsibilities of directors for the financial statements

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.

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.



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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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, employment law and CQC (Care Quality Commission) regulations.
- 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. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations.
- The group's management have not communicated to the audit team any matters of non-compliance with laws and regulations or fraud and no such matters were identified by the audit team.
- 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.



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

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: 24/3/2022

ESSEX CARES LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
Turnover	4	49,362,360	45,590,624
Cost of sales		(7,568,963)	(7,796,883)
Gross profit		41,793,397	37,793,741
Administrative expenses		(39,311,861)	(35,835,362)
Operating profit	5	2,481,536	1,958,379
Interest receivable and similar income	9	264	9,400
Interest payable and similar expenses	10	(12,582)	(24,272)
Other finance income	11	148,000	145,000
Profit before taxation		2,617,218	2,088,507
Tax on profit	12	(359,812)	(249,338)
Profit for the financial year		2,257,406	1,839,169
Actuarial gains on defined benefit pension scheme		1,995,000	2,166,000
Other comprehensive income for the year		1,995,000	2,166,000
Total comprehensive income for the year		4,252,406	4,005,169

There were no recognised gains and losses for 2021 or 2020 other than those included in the Consolidated Statement of Comprehensive Income.

The notes on pages 23 to 45 form part of these financial statements.

ESSEX CARES LIMITED
REGISTERED NUMBER:06723149

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	472,677	210,402
Tangible assets	15	1,866,929	1,669,585
		<u>2,339,606</u>	<u>1,879,987</u>
Current assets			
Stocks	17	1,027,556	1,072,554
Debtors: amounts falling due after more than one year	18	100	100
Debtors: amounts falling due within one year	18	14,433,767	11,467,485
Cash at bank and in hand	19	257,471	713,061
		<u>15,718,894</u>	<u>13,253,200</u>
Creditors: amounts falling due within one year	21	(7,815,622)	(7,226,709)
Net current assets		<u>7,903,272</u>	<u>6,026,491</u>
Total assets less current liabilities		<u>10,242,878</u>	<u>7,906,478</u>
Creditors: amounts falling due after more than one year	22	(195,467)	(263,365)
Provisions for liabilities			
Other provisions	25	(236,868)	(253,526)
		<u>(236,868)</u>	<u>(253,526)</u>
Net assets excluding pension asset		<u>9,810,543</u>	<u>7,389,587</u>
Pension asset	28	7,186,000	6,207,000
Net assets		<u><u>16,996,543</u></u>	<u><u>13,596,587</u></u>

ESSEX CARES LIMITED
REGISTERED NUMBER:06723149

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Capital and reserves			
Called up share capital	26	100	100
Profit and loss account	27	16,996,443	13,596,487
Equity attributable to owners of the parent Company		<u>16,996,543</u>	<u>13,596,587</u>
		<u>16,996,543</u>	<u>13,596,587</u>

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



K Lynch
Director

Date: 24/3/2022

The notes on pages 23 to 45 form part of these financial statements.

ESSEX CARES LIMITED
REGISTERED NUMBER:06723149

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	472,677	210,402
Tangible assets	15	1,866,929	1,669,585
Investments	16	300	300
		<u>2,339,906</u>	<u>1,880,287</u>
Current assets			
Stocks	17	1,027,556	1,072,554
Debtors: amounts falling due after more than one year	18	100	100
Debtors: amounts falling due within one year	18	15,071,472	12,105,187
Cash at bank and in hand	19	257,471	713,061
		<u>16,356,599</u>	<u>13,890,902</u>
Creditors: amounts falling due within one year	21	(7,815,622)	(7,226,709)
Net current assets		<u>8,540,977</u>	<u>6,664,193</u>
Total assets less current liabilities		<u>10,880,883</u>	<u>8,544,480</u>
Creditors: amounts falling due after more than one year	22	(195,467)	(263,365)
Provisions for liabilities			
Other provisions	25	(236,868)	(253,526)
		<u>(236,868)</u>	<u>(253,526)</u>
Net assets excluding pension asset		<u>10,448,548</u>	<u>8,027,589</u>
Pension asset	28	635,000	734,000
Net assets		<u><u>11,083,548</u></u>	<u><u>8,761,589</u></u>

ESSEX CARES LIMITED
REGISTERED NUMBER:06723149

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Capital and reserves			
Called up share capital	26	100	100
Profit and loss account	27	11,083,448	8,761,489
		<u>11,083,548</u>	<u>8,761,589</u>

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



K Lynch
Director

Date: 24/3/2022



The notes on pages 23 to 45 form part of these financial statements.

ESSEX CARES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2020	100	13,596,487	13,596,587
Comprehensive income for the year			
Profit for the year	-	2,257,406	2,257,406
Actuarial gains on pension scheme	-	1,995,000	1,995,000
Total comprehensive income for the year	-	4,252,406	4,252,406
Dividends: Equity capital	-	(852,450)	(852,450)
At 31 March 2021	100	16,996,443	16,996,543

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2019	100	9,924,949	9,925,049
Comprehensive income for the year			
Profit for the year	-	1,839,169	1,839,169
Actuarial gains on pension scheme	-	2,166,000	2,166,000
Total comprehensive income for the year	-	4,005,169	4,005,169
Dividends: Equity capital	-	(333,631)	(333,631)
At 31 March 2020	100	13,596,487	13,596,587

The notes on pages 23 to 45 form part of these financial statements.

ESSEX CARES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2020	100	8,761,489	8,761,589
Comprehensive income for the year			
Profit for the year	-	3,114,409	3,114,409
Actuarial gains on pension scheme	-	60,000	60,000
	-	3,174,409	3,174,409
Total comprehensive income for the year			
Contributions by and distributions to owners			
Dividends: Equity capital	-	(852,450)	(852,450)
At 31 March 2021	100	11,083,448	11,083,548

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2019	100	5,574,951	5,575,051
Comprehensive income for the year			
Profit for the year	-	2,954,169	2,954,169
Actuarial gains on pension scheme	-	566,000	566,000
	-	3,520,169	3,520,169
Total comprehensive income for the year			
Contributions by and distributions to owners			
Dividends: Equity capital	-	(333,631)	(333,631)
At 31 March 2020	100	8,761,489	8,761,589

The notes on pages 23 to 45 form part of these financial statements.

ESSEX CARES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	2,257,406	1,839,169
Adjustments for:		
Amortisation of intangible assets	123,361	41,497
Depreciation of tangible assets	176,066	228,682
Interest paid	12,582	24,272
Interest received	(264)	(9,400)
Taxation charge	359,812	249,338
Decrease/(increase) in stocks	44,998	(229,419)
(Increase) in debtors	(2,962,458)	(2,055,762)
Increase in creditors	408,843	383,951
(Decrease) in provisions	(16,658)	(9,166)
Net pension movement before actuarial gains	979,000	1,298,000
Corporation tax paid	(214,464)	(49,332)
Net cash generated from operating activities	1,168,224	1,711,830
Cash flows from investing activities		
Purchase of intangible fixed assets	(385,636)	(229,290)
Purchase of tangible fixed assets	(373,410)	(679,913)
Interest received	264	9,400
Net cash from investing activities	(758,782)	(899,803)

ESSEX CARES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from financing activities		
Dividends paid	(852,450)	(333,631)
Interest paid	(12,582)	(24,272)
Net cash used in financing activities	<u>(865,032)</u>	<u>(357,903)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(455,590)</u>	454,124
Cash and cash equivalents at beginning of year	713,061	258,937
Cash and cash equivalents at the end of year	<u><u>257,471</u></u>	<u><u>713,061</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	257,471	713,061
	<u><u>257,471</u></u>	<u><u>713,061</u></u>

The notes on pages 20 to 43 form part of these financial statements.

An analysis of changes in net debt is shown in note 20.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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 2021.

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 2021**

2. Accounting policies (continued)

2.3 Going concern

As evidenced by our results, ECL performed strongly throughout the continued Coronavirus pandemic providing further resilience to our balance sheet.

We have secured extensions on two of our core contracts, both of which guarantee a minimum level of income, for at least two more years.

In addition to this, one of our smaller guaranteed income contracts has also been extended for one year, pending further contract discussions. These developments, together with the longer-term contracts we were awarded at the end of the previous year, mean that our income levels are very secure for the next 12 months and beyond.

Our confidence as a going concern is also underlined by the fact that the Board of Directors have proposed a dividend programme to 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.

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.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)**2.6 Tangible fixed assets (continued)**

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 profit or loss.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss 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 2021**

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 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.

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 2021**

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 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.

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

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.17 Interest income

Interest income is recognised in profit or loss using the effective interest method.

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 profit or loss 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.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 2021**

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.

4. Turnover

An analysis of turnover by country is as follows:

	2021 £	2020 £
United Kingdom	49,362,360	45,590,624
	<u>49,362,360</u>	<u>45,590,624</u>

5. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	176,066	228,682
Amortisation of intangible assets, including goodwill	809,537	41,497
Other operating lease rentals	1,931,298	1,443,160
Defined benefit pension cost	<u>1,450,000</u>	<u>1,961,000</u>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

6. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>53,625</u>	<u>37,500</u>
Fees payable to the Group's auditor and its associates in respect of:		
Accounts preparation	3,500	3,500
Other services relating to taxation	<u>5,675</u>	<u>20,002</u>

7. Employees

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	25,614,935	21,843,354	4,161,109	3,194,642
Social security costs	1,957,950	1,627,907	318,066	238,085
Cost of defined benefit scheme	1,069,770	1,115,342	173,783	163,121
	<u>28,642,655</u>	<u>24,586,603</u>	<u>4,652,958</u>	<u>3,595,848</u>

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

	2021 No.	2020 No.
Frontline staff	1,049	842
Support staff	190	238
Managerial staff	128	161
	<u>1,367</u>	<u>1,241</u>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	<u>797,162</u>	<u>819,371</u>

During the year retirement benefits were accruing to 5 directors (2020: 5) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £213,436 (2020 - £200,738).

The amount of the accrued lump sum in respect of the highest paid director at 31 March 2021 amounted to £64,928 (2020 - £63,036).

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 £872,874 (2020: £896,071).

9. Interest receivable

	2021 £	2020 £
Other interest receivable	<u>264</u>	<u>9,400</u>

10. Interest payable and similar expenses

	2021 £	2020 £
Other interest payable	<u>12,582</u>	<u>24,272</u>

11. Other finance income

	2021 £	2020 £
Net interest on net defined benefit scheme	<u>148,000</u>	<u>145,000</u>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

12. Taxation

	2021 £	2020 £
Corporation tax		
UK corporation tax at 19% (PY: 19%)	364,341	257,177
Adjustments in respect of prior periods	(705)	(5,713)
Total current tax	<u>363,636</u>	<u>251,464</u>
Deferred tax		
Origination and reversal of timing differences	(3,824)	(2,126)
Total deferred tax	<u>(3,824)</u>	<u>(2,126)</u>
Taxation on profit on ordinary activities	<u>359,812</u>	<u>249,338</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>2,772,822</u>	<u>2,088,507</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	526,836	396,816
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,655	2,623
Adjustments to tax charge in respect of prior periods	(705)	(5,713)
Amounts relating to other comprehensive income or otherwise transferred	13,490	107,540
Adjustments to brought forward values	-	66,690
Adjustments to tax charge in respect of previous periods - deferred tax	705	-
Timing differences not recognised in the computation	18,810	(139,460)
Non-taxable income	(201,979)	(177,031)
Remeasurement of deferred tax for changes in tax rates	-	(224)
Deferred tax not recognised	-	(1,903)
Total tax charge for the year	<u>359,812</u>	<u>249,338</u>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

12. Taxation (continued)

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 £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had not been substantively enacted at the Balance Sheet date and therefore no adjustment has been made to deferred taxation balances to account for this change.

13. Dividends

	2021 £	2020 £
Dividends paid	<u>852,450</u>	<u>333,631</u>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

14. Intangible assets

Group and Company

	Computer software £
Cost	
At 1 April 2020	1,169,303
Additions	385,636
At 31 March 2021	<u>1,554,939</u>
Amortisation	
At 1 April 2020	958,901
Charge for the year on owned assets	123,361
At 31 March 2021	<u>1,082,262</u>
Net book value	
At 31 March 2021	<u><u>472,677</u></u>
At 31 March 2020	<u><u>210,402</u></u>

Amortisation on intangible assets is charged to admin expenses.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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

	Land & buildings £	L/Term Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Office equipment £	Total £
Cost						
At 1 April 2020	829,265	610,409	584,272	1,063,717	478,159	3,565,822
Additions	-	-	76,774	144,498	152,138	373,410
At 31 March 2021	829,265	610,409	661,046	1,208,215	630,297	3,939,232
Depreciation						
At 1 April 2020	12,955	305,205	470,389	913,731	193,957	1,896,237
Charge for the year on owned assets	8,118	61,041	35,000	49,300	22,607	176,066
At 31 March 2021	21,073	366,246	505,389	963,031	216,564	2,072,303
Net book value						
At 31 March 2021	808,192	244,163	155,657	245,184	413,733	1,866,929
At 31 March 2020	816,310	305,204	113,883	149,986	284,202	1,669,585

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

16. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2020	300
At 31 March 2021	<u>300</u>
Net book value	
At 31 March 2021	<u>300</u>
At 31 March 2020	<u>300</u>

17. Stocks

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Finished goods and goods for resale	<u>1,027,556</u>	<u>1,072,554</u>	<u>1,027,556</u>	<u>1,072,554</u>

Stock recognised in cost of sales during the year as an expense was £7,565,376 (2020: £7,796,883).

An impairment loss of £Nil (2020: £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 2021**

18. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due after more than one year				
Other debtors	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due within one year				
Trade debtors	778,000	146,316	778,000	146,316
Amounts owed by related party undertakings	12,893,575	6,908,388	13,531,280	7,546,090
Prepayments and accrued income	756,242	4,410,655	756,242	4,410,655
Deferred taxation	5,950	2,126	5,950	2,126
	<u>14,433,767</u>	<u>11,467,485</u>	<u>15,071,472</u>	<u>12,105,187</u>

Trade receivables are stated net of an amount provided for doubtful debts. The provision at the year end was £160,778 (2020: £145,716).

19. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	<u>257,471</u>	<u>713,061</u>	<u>257,471</u>	<u>713,061</u>

20. Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	713,061	(455,590)	257,471
Treasury funds	1,977,000	3,168,000	5,145,000
	<u>2,690,061</u>	<u>2,712,410</u>	<u>5,402,471</u>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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21. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	482,883	711,612	482,883	711,612
Amounts owed to related party undertakings	658,446	693,249	658,446	693,249
Corporation tax	363,636	251,464	363,636	251,464
Other taxation and social security	1,447,416	1,047,603	1,447,416	1,047,603
L/Term leasehold property obligation	67,899	67,806	67,899	67,806
Accruals and deferred income	4,795,342	4,454,975	4,795,342	4,454,975
	<u>7,815,622</u>	<u>7,226,709</u>	<u>7,815,622</u>	<u>7,226,709</u>

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
L/Term leasehold property obligation	<u>195,467</u>	<u>263,365</u>	<u>195,467</u>	<u>263,365</u>

23. Financial instruments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Financial assets				
Financial assets measured at amortised cost	<u>14,685,388</u>	<u>12,178,520</u>	<u>15,323,093</u>	<u>12,816,222</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(5,936,671)</u>	<u>(5,859,836)</u>	<u>(5,936,671)</u>	<u>(5,859,836)</u>

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 2021**

24. Deferred taxation

Group

	2021 £
At beginning of year	2,126
Charged to Statement of Comprehensive Income	3,824
At end of year	5,950

Company

	2021 £
At beginning of year	2,126
Charged to Statement of Comprehensive Income	3,824
At end of year	5,950

The deferred tax asset is made up as follows:

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Short term timing differences	5,950	2,126	5,950	2,126

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

25. Provisions

Group

	Buildings dilapidations provision £
At 1 April 2020	253,526
Utilised in year	(16,658)
At 31 March 2021	236,868

Company

	Buildings dilapidations provision £	Total £
At 1 April 2020	253,526	253,526
Utilised in year	(16,658)	(16,658)
At 31 March 2021	236,868	236,868

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.

26. Share capital

	2021 £	2020 £
Allotted, called up and unpaid		
100 (2020 - 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 2021**

27. Reserves**Profit & loss account**

Includes all current and prior period profits and losses.

28. 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	<i>Group</i>	Company	<i>Company</i>
	2021	<i>As restated</i>	2021	<i>As restated</i>
	£	<i>£</i>	£	<i>£</i>
At the beginning of the year	65,845,000	<i>77,792,000</i>	9,131,000	<i>16,901,000</i>
Current service cost	1,405,000	<i>1,638,000</i>	199,000	<i>357,000</i>
Interest cost	1,531,000	<i>1,851,000</i>	212,000	<i>405,000</i>
Actuarial (gains)/losses	18,789,000	<i>(6,290,000)</i>	2,794,000	<i>(931,000)</i>
Contributions	251,000	<i>259,000</i>	40,000	<i>57,000</i>
Benefits paid	(1,709,000)	<i>(1,799,000)</i>	(284,000)	<i>(287,000)</i>
Past service costs, including curtailments	(119,000)	<i>301,000</i>	-	<i>26,000</i>
Change in demographic assumptions	(1,121,000)	<i>(677,000)</i>	(153,000)	<i>(84,000)</i>
Experience loss on defined benefit obligation	(874,000)	<i>(1,721,000)</i>	(133,000)	<i>(1,804,000)</i>
Effect of settlements	-	<i>(5,509,000)</i>	-	<i>(5,509,000)</i>
	83,998,000	<i>65,845,000</i>	11,806,000	<i>9,131,000</i>

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

28. Pension commitments (continued)

Reconciliation of present value of plan assets:

	Group	<i>Group As restated</i>	Company	<i>Company As restated</i>
	2021	2020	2021	2020
	£	£	£	£
At the beginning of the year	72,052,000	83,648,000	9,865,000	17,769,000
Interest income	1,679,000	1,996,000	229,000	426,000
Return on assets less interest	18,800,000	(6,038,000)	2,568,000	(1,083,000)
Contributions	516,000	777,000	69,000	239,000
Benefits paid	(1,708,000)	(1,798,000)	(284,000)	(287,000)
Other actuarial gains/(losses)	-	344,000	-	(342,000)
Administration expenses	(45,000)	(22,000)	(6,000)	(3,000)
Loss on settlement or curtailment	(110,000)	(1,000)	-	-
Effect of settlements	-	(6,854,000)	-	(6,854,000)
At the end of the year	91,184,000	72,052,000	12,441,000	9,865,000

Composition of plan assets:

	Group	<i>Group As restated</i>	Company	<i>Company As restated</i>
	2021	2020	2021	2020
	£	£	£	£
Equities	56,341,000	42,177,000	7,688,000	5,776,000
Gilts	2,354,000	3,106,000	321,000	425,000
Other bonds	4,575,000	4,366,000	624,000	598,000
Property	6,492,000	6,480,000	886,000	887,000
Cash	4,303,000	2,994,000	587,000	409,000
Alternative assets	10,534,000	8,298,000	1,437,000	1,136,000
Other managed funds	6,585,000	4,631,000	898,000	634,000
	91,184,000	72,052,000	12,441,000	9,865,000

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

28. Pension commitments (continued)

	Group	<i>Group As restated</i>	Company	<i>Company As restated</i>
	2021	2020	2021	2020
	£	£	£	£
Fair value of plan assets	91,184,000	78,906,000	12,441,000	9,865,000
Present value of plan liabilities	(83,998,000)	(71,354,000)	(11,806,000)	(9,131,000)
Impact of asset ceiling	-	(1,345,000)	-	-
	7,186,000	6,207,000	635,000	734,000

The amounts recognised in profit or loss are as follows:

	Group	<i>Group As restated</i>	Company	<i>Company As restated</i>
	2021	2020	2021	2020
	£	£	£	£
Current service cost	(1,405,000)	(1,939,000)	(199,000)	(383,000)
Interest on defined benefit scheme	148,000	145,000	17,000	21,000
Administration expenses	(45,000)	(22,000)	(6,000)	(3,000)
	(1,302,000)	(1,816,000)	(188,000)	(365,000)

The Group expects to contribute £1,719,000 (2020: £287,000) to its Defined Benefit Pension Scheme in 2021.

The Company expects to contribute £283,000 (2020: £115,000) to its Defined Benefit Pension Scheme in 2021.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

28. Pension commitments (continued)

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

	2021	2020
	%	%
Discount rate	2.00	2.35
Future salary increases	3.60	2.65
Future pension increases	2.85	1.90
RPI increases	2.85	2.70
CPI increases	2.50	1.90
Mortality rates		
- for a male aged 65 now	21.60	21.80
- at 65 for a male aged 45 now	22.90	23.20
- for a female aged 65 now	23.40	23.70
- at 65 for a female member aged 45 now	24.70	25.20

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

Group defined benefit pension schemes

	2021	As restated 2020	2019	2018
	£	£	£	£
Defined benefit obligation	(83,998,000)	(71,354,000)	(77,792,000)	(72,528,000)
Impact of asset ceiling	-	(1,345,000)	(517,000)	(1,836,000)
Scheme assets	91,184,000	78,906,000	83,648,000	76,494,000
Surplus/(Deficit)	7,186,000	6,207,000	5,339,000	2,130,000

Company defined benefit pension schemes

	2021	As restated 2020	2019	2018
	£	£	£	£
Defined benefit obligation	(11,806,000)	(14,640,000)	(16,901,000)	(15,769,000)
Impact of asset ceiling	-	(1,345,000)	(517,000)	(797,000)
Scheme assets	12,441,000	16,719,000	17,769,000	16,522,000
Surplus/(Deficit)	635,000	734,000	351,000	(44,000)

The above disclosures in respect of the 2020 year end have been corrected by the Group's actuary. There is no impact upon reported profit, or net assets for the year ended 31 March 2020.

ESSEX CARES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

29. Commitments under operating leases

At 31 March 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Not later than 1 year	1,924,551	308,965	1,924,551	308,965
Later than 1 year and not later than 5 years	1,115,220	828,341	1,115,220	828,341
	<u>3,039,771</u>	<u>1,137,306</u>	<u>3,039,771</u>	<u>1,137,306</u>

30. 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 £872,874 (2020: £896,071).

31. 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.