

REPORT TO THE BOARD OF DIRECTORS OF

## **Southend Care Ltd**

**Audit of the Financial Statements  
For the Year Ended 31 March 2019**





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- LETTER OF REPRESENTATION



# 1. Introduction and Coverage

- 1.1 This report summarises our key findings in connection with the audit of the financial statements of Southend Care Ltd in respect of the year ended 31 March 2019.
- 1.2 The scope of our work was set out in our Audit Plan which was presented to the Board of Directors on 5 April 2019.
- 1.3 It should be noted that the matters identified in this management letter arose from the conduct of our normal audit procedures which are designed primarily to enable us to express an opinion on the financial statements of Southend Care Ltd and do not necessarily involve an examination of all aspects of your internal control procedures. The responsibility for maintaining adequate financial reporting systems and systems of internal control, as well as for the prevention and detection of fraud, irregularities and other errors, rests with management.
- 1.4 Consequently, the comments in our management letter cannot be regarded as a complete analysis of all weaknesses or irregularities in the system of internal control.
- 1.5 Our duties as financial statements auditors do not specifically include searching for fraud or other irregularities although our audit was planned so as to have a reasonable expectation of detecting material mis-statements within the financial statements.
- 1.6 Our work also included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the company.



## 2. Financial Performance

### Profit and Loss Account

#### 2.1 RESULTS

- 2.1.1 The financial statements are for the year ended 31 March 2019. The previous financial statements were for the period of 1 May 2017 to 31 March 2018 due to a change in year end date from April to March.
- 2.1.2 After excluding the IAS19 adjustments for the defined contribution pension liability, Southend Care Ltd's financial performance in 2018/19 shows a profit for the year of £319,813 compared to a loss in 2017/18 of £24,936.
- 2.1.3 The impact of the adjustment for the IAS19 defined benefit pension scheme charge of £561,000 has created a deficit of £241,187.

#### 2.2 INCOME

- 2.2.1 Revenue for the year totalled £6,579,780 (2018 11 months: £5,421,212).
- 2.2.2 Block funding income totalled £6,453,961 for the year ended 31 March 2019 (2018 11 months : £5,313,745).
- 2.2.3 Other income represents the sale of meals, intensive one to one sessions and private income. Other income in the prior year also included contributions from Essex County Council for the shared lives employment service, which has not been received this year.



## 2. Financial Performance

### Profit and Loss Account (Continued)

#### 2.3 EXPENDITURE

2.3.1 Expenditure, excluding pension scheme adjustments under (IAS19), totalled £6,251,488 for the year ended 31 March 2019 (2018 11 months: £5,446,148).

2.3.2 Staff costs totalled £5,565,498 this is broken down as follows:

	2019	11 months 2018
	£	£
Wages	4,386,298	3,491,549
Employer's NI	357,766	306,536
Employer's pension	543,726	549,312
Recruitment	17,782	20,633
Training	4,944	3,290
Insurance	6,304	-
Agency	248,678	488,604
<b>Total</b>	<b>£ 5,565,498</b>	<b>£ 4,859,924</b>

2.3.3 Administrative expenses totalled £647,637 for the year ended 31 March 2019 (2018 11 months : £549,765), this is broken down as follows:

	2019	11 months 2018
	£	£
Premises costs	158,834	146,904
Transport costs	33,151	25,063
Supplies and services	348,057	263,939
Third party payments	1,347	5,857
Irrecoverable VAT	106,247	122,005
Implementation costs	-	(14,003)
<b>Total</b>	<b>£ 647,637</b>	<b>£ 549,765</b>



## 3. Financial Position – Balance Sheet

### 3.1 CASH AT BANK

3.1.1 Cash at bank has increased by £14,472 to £510,630 (2018 11 months: £496,158).

### 3.2 PENSION SCHEME DEFICIT

3.2.1 For the year ended 31 March 2019 the pension scheme deficit has increased by £15,000 leaving a pension scheme deficit at 31 March 2019 of £5.513m. During the period ended 31 March 2018 the pension scheme deficit had increased by £2.858m leaving a pension scheme deficit at 31 March 2018 of £5.498m. The assumptions used by the actuary are as follows:

	31 March 2019	31 March 2018
Rate of increase in salaries	3.9%	3.8%
Rate of increase in pensions	2.4%	2.3%
Discount rate	2.45%	2.6%

### 3.3 RELATED PARTY TRANSACTIONS

3.3.1 At the year end the following balances were outstanding with the Company's parent entity Southend on Sea Borough Council:

	31 March 2019 £	31 March 2018 £
Debtor	613,512	548,428
Short term creditor	514,815	543,271
Long term creditor working capital	350,000	350,000
Long term creditor	14,573	214,573



## 4. Going Concern

### 4.1 GOING CONCERN REVIEW

- 4.1.1 The Company relies on the financial support from Southend on Sea Borough Council, its parent, during its start-up and the initial loss making period.
- 4.1.2 On review of the 8 year Financial Business Plan, the Company forecast that they will make profits for each of the 8 years. In the run up to this period the Company has relied on Southend on Sea Borough Council to provide any working capital required.
- 4.1.3 Southend on Sea Borough Council have provided written confirmation that they will continue to provide financial support to the Company. It is expected that the Company will repay the working capital and implementation loan within the next 2 years.

### 4.2 CONCLUSION

- 4.2.1 Based on the ongoing commitment of support by Southend on Sea Borough Council we agree with the going concern assessment made by the Company and will therefore be giving an unqualified audit opinion on the financial statements for the year ended 31 March 2019.



## 5. Pension Scheme Deficit

### 5.1 MOVEMENT IN LIABILITY FOR THE YEAR

- 5.1.1 Southend Care Ltd is required to record its share of the deficit of the Local Government Pension Scheme (LGPS) as a liability on its balance sheet, as prescribed by IAS 19. It should be noted that the staff transferred over by TUPE from Southend on Sea Borough Council are members of the LGPS and it is not open to new employees.
- 5.1.2 It is a career average or CARE scheme, meaning that pensions are based on career average revalued earnings. Earnings in previous years are revalued in order to derive the average earnings of each employee up to the point of retirement. The pension payable is based on those average revalued earnings and the years of service in the Scheme.
- 5.1.3 The pension liability that arises is conceptually the 31 March 2019 value of the future obligations to pay the pensions which have accrued to relevant current and past employees by reference to their service with Southend Care Ltd up to that date to the extent that these obligations are not covered by investments within the Southend Care Ltd portion of the LGPS.
- 5.1.4 The valuation at 31 March 2019 is based on the formal valuation of the scheme for funding purposes (which was undertaken as at March 2016) as modified by changes since that date. The next formal funding valuation is due to take place as at March 2019, but there tends to be a significant delay before this revaluation is released. This will then determine the contributions payable for the three years commencing in April 2020.
- 5.1.5 The initial pension scheme deficit liability was transferred into Southend Care Ltd on the 1 April 2017 and 1 July 2017 when staff were transferred from Southend on Sea Borough Council to Southend Care Ltd.
- 5.1.6 The net liability increased by £15,000 in the year ended 31 March 2019 to £5.513 million. There are a number of factors that have resulted in this increase, but the most significant changes are:
- The discount rate has fallen from 2.6% to 2.45%. This discount rate is based on an AA rated corporate bond yield and the drop in the bond markets has been the most significant factor in the increase in pension liabilities since the financial crisis. The impact of this 0.15% change in discount rate is estimated to be around £675,000 increase in the net liability.



## 5. Pension Scheme Deficit (Continued)

- The life expectancies across all categories (based on gender and time until retirement) have fallen based on the latest actuarial tables. The largest reduction being among females due to retire in 20 years, which have reduced by 1.6 years. The reduction of these life expectancies has reduced the net liability by around £850,000.
- However, changes to the assumptions around pension and salary increases of 0.1% are estimated to increase the net liability by £450,000.
- The final significant factor is the improved performance by the assets of the scheme against expectation which has resulted in the increase in the net liabilities being limited to £15,000.

### 5.2 FUTURE OF THE LGPS AND OTHER CONSIDERATIONS

- 5.2.1 As the scheme is no longer open to new employees the impact of employees in the scheme leaving Southend Care Ltd (and therefore the LGPS) is that this could accelerate the pension liability and increase annual deficit repayment contributions.
- 5.2.2 The plan to reduce the contributions to the LGPS by having trading subsidiaries, that are not bound to join new members of staff, is being replicated across the local authority sector. In addition to this there is currently consultation ongoing which would allow further and higher education institutions to be released from the obligation to join their non-teaching staff into LGPS.
- 5.2.3 The impact of this movement away from the LGPS is that a smaller number of employees will be funding the current deficit and liability to existing and future pensioners. So, it will be necessary to put larger deficit repayment plans in place or significantly increase contribution rates, or probably a combination of the two.
- 5.2.4 There has already been an instance of an FE college, which formed a subsidiary company and was quite aggressive in moving staff into it and away from LGPS, being hit with a very significant deficit repayment plan. Had they closed the LGPS scheme completely then this would have been a crystallising event for the remaining liability to become payable.
- 5.2.5 We recommend that you consult with Essex County Council as to the likelihood of accelerated deficit repayment plans and confirmation that the liability would crystallise when all the applicable employees leave the scheme. This may result in the board



## 5. Pension Scheme Deficit (Continued)

considering the option to make the scheme available to other employees or consider other options with Southend on Sea Borough Council.

- 5.2.6 The company could consider discussions with SBC around putting the LGPS employees onto joint contracts between SBC and SCL. The liability could then sit with SBC and they could recharge all related employment costs to SCL. This would mean that the reduction in LGPS employment numbers would sit in the larger SBC pool of staff rather than in the diminishing SCL employee pool. This should slow the need for deficit repayment plans and also remove the accelerated crystallisation of the liability if all SCL employees were to leave the LGPS.
- 5.2.7 The benefit of the employees being jointly contracted between the two organisations is that VAT would not need to be charged on the recharge of costs down to SCL.
- 5.2.8 Another factor to consider is that the pension reserve created by the LGPS is considered as a reduction of distributable reserves. Therefore, if SBC had a long term ambition to receive dividends from SCL it will be unlikely to be able to achieve this whilst the LGPS pensions scheme liability is shown on the balance sheet.



## 6. Audit and Accounting Issues to be reported to the Board of Directors

### 6.1 PROCEDURAL RECOMMENDATIONS

Audit Finding	Risk Identified	Recommendation	Management Response
<p><b>Personnel Files</b></p> <p>During our testing the Human Resources Department could not locate some personnel files.</p> <p>In addition, an error was found on the agreed pay for an employee. During our audit work we identified that one employee paid salary did not agree to the pay scale noted within their personnel file.</p>	<p>It is a legal requirement to retain certain employment related documents for all of your current employees.</p> <p>There is a risk that an employee could be paid incorrectly if their personnel file does not reflect the correct pay scales.</p>	<p>We recommend undertaking a review of your personnel files to ensure that files are maintained for all of your current staff and these are easily traceable.</p> <p>During this review we recommend that personnel files are reviewed to ensure that they reflect the employees correct pay scales.</p>	<p><b>Missing Files:</b>  <i>The files have been located and have now been filed in the relevant area. At the time of the audit we were undergoing a revamp of the filing room and the files were being stored in another storage area at the time of the request.</i></p> <p><b>Different Pay Scales:</b>  <i>In both cases these were SBC Staff who have transferred over to Southend Care. Their personnel files had the correct information in respect of salary levels however the personnel files would not be updated in respect of incremental or pay award changes.</i></p>



## 6. Audit and Accounting Issues to be reported to the Board of Directors (Continued)

### 6.1 PROCEDURAL RECOMMENDATIONS - (CONTINUED)

Audit Finding	Risk Identified	Recommendation	Management Response
			<p><b>Other queries:</b>  <i>During the process it was also raised that there was no evidence of legality to work on Joan's file. Joan started work in 1997 and then was part of a statutory transfer order to Southend Borough Council. The civil penalty scheme to prevent illegal working commenced on 29 February 2008 (further to the 2006 Act). It was not introduced retrospectively. Employers are therefore not required to have a statutory excuse in respect of employees whose employment commenced before 29 February 2008 and who have been employed continuously for them since before that date.</i></p>



## 6. Audit and Accounting Issues to be reported to the Board of Directors (Continued)

### 6.1 PROCEDURAL RECOMMENDATIONS - (CONTINUED)

Audit Finding	Risk Identified	Recommendation	Management Response
<p><b>Prepayments</b></p> <p>During our testing we identified prepayments which were posted to creditors.</p>	<p>Prepayments would reduce the creditor balance and therefore the accounts may not show a true representation of the liabilities at the year end.</p>	<p>We recommend including prepayments within debtors going forward.</p>	<p><i>There was one candidate where information was not on the file, but that employee was initially an agency worker so ID may have been taken by recruitment provider at the time in 2011. This is being picked up.</i></p>
<p><b>Care Income – other income</b></p> <p>During the course of our audit we were informed that there was no formal agreement with Southend Borough Council with regards to the income entitlement for one to one care.</p>	<p>Income could be understated if Southend Borough Council are collecting greater funds from service users than is being invoiced by Southend Care Ltd.</p>	<p>We recommend that a formal signed agreement is put in place specifying rates for one to one care.</p>	<p><i>Yes agreed with the recommendations and we will adopt this approach moving forward. The 18/19 balance of pre-payments was £5,750.</i></p> <p><i>We do recognise this requirement and have considered this in the nature of the required fluidity of those arrangements between the Council and the Care Company. We are concerned that if a formal agreement was put in place, it will likely slow</i></p>



## 6. Audit and Accounting Issues to be reported to the Board of Directors (Continued)

### 6.1 PROCEDURAL RECOMMENDATIONS - (CONTINUED)

Audit Finding	Risk Identified	Recommendation	Management Response
			<p><i>down that flexibility and therefore would pose as a risk to the transfer of income to the care company. The additional one to one care income the care company has received from the council of £44k in 18/19 is related to the extensive health related care needs of a particular client or clients who are receiving care for a period of time (which is therefore subject to flexibility). The Council itself in turn receives this one to one income from the Clinical Commission Group which is a formal agreement to support the additional one to one continuing health care needs of that individual. Whilst the agreement of this additional income to the care company itself from the council is not a formal agreement, it has been signed off by the Council's Director of Adult Social Care through an electronic email record to agree the passport of that income.</i></p>



## 6. Audit and Accounting Issues to be reported to the Board of Directors (Continued)

### 6.2 TAXATION

- 6.2.1 The company is subject to corporation tax on its taxable profits. During the year the company has made profits before pension adjustments which have been subject to corporation tax after utilising the tax loss relief carried forward from the prior period. During the prior period, the company had made losses which could be carried forward and used against taxable profits.
- 6.2.2 As a local authority trading company Southend Care Ltd can apply for a corporation tax dispensation, if the company continues to trade within the Teckal requirements. To meet the Teckal requirements 80% of the companies trading activity would need to be with the parent authority. This would result in profits not being subject to corporation tax. The company would still be required to prepare and submit corporation tax returns and any investment income would still be taxable.
- 6.2.3 It is proposed that the company applies for this dispensation.

### 6.3 AMENITIES ACCOUNTS

- 6.3.1 Following on from the work commissioned from internal audit we have reviewed whether the balances of amenities funds should be included on the Balance Sheet of the company. Following discussions with the company, it is clear that the intention was not for these balances to be managed or controlled by the company, however employees of Southend Care are the cheque signatories on the accounts.
- 6.3.2 Were adjustment to be made for these amounts the postings would only be shown on the balance sheet, being to introduce the cash at bank and to bring in a related creditor to reflect that these sums need to be paid out. The total of amounts held in these accounts is £48,965, which is significant and the proper structure and policies need to be agreed to ensure that the ownership and risk of these funds is defined and to ensure that if any issues arise the company cannot be found liable.



## 6. Audit and Accounting Issues to be reported to the Board of Directors (Continued)

- 6.3.3 We understand that the company is going to meet with the internal auditors to discuss their findings and also to agree a plan going forward to ensure that there is clarity over the treatment of these funds and the related risk. We will include a paragraph within our letter of representation (included as an appendix), confirming that the Board are satisfied with the treatment of excluding the balances from the financial statements.

## 7. Independence

- 7.1 In accordance with International Standard on Auditing (UK and Ireland) 260 “Communication of audit matters with those charged with governance“, there are no changes to the details of relationships between Scrutton Bland LLP and its related entities and Southend Care Ltd and its related entities that may reasonably be thought to bear on Scrutton Bland LLP’s independence and the objectivity of the audit principal, Timothy O’Connor and the audit staff and the related safeguards from those disclosed in the Audit Plan presented to the Company on 5 April 2019.

## 8. Conclusions

- 8.1 The 2018/19 financial statements audit has been conducted in accordance with the audit plan prepared for the Board of Directors and presented to the Company. We are pleased to report that no significant matters came to our attention during the course of our audit that led us to deviate from our plan.
- 8.2 We would like to take this opportunity once again to thank Paul Grout and his staff, and other senior management and staff for the considerate help and assistance we have been given in carrying out our audit.

Scrutton Bland LLP  
Date: 25 June 2019

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**SOUTHEND CARE LIMITED**  
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**Company Number: 10138562**  
**A company registered in England & Wales**

Scrutton Bland LLP  
Chartered Accountants and Statutory Auditor  
820 The Crescent  
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CO4 9YQ

Dear Sirs

**LETTER OF REPRESENTATION FOR THE YEAR ENDED 31 MARCH 2019**

We confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience and where appropriate, of inspection of supporting documentation, sufficient to satisfy ourselves that we can properly make each of the following representations to you in connection with your audit of the company's financial statements for the year ended 31 March 2019.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

**Financial Statements:**

1. We acknowledge, and have fulfilled, as directors, our collective responsibility under the Companies Act 2006 for presenting financial statements (in accordance with the Companies Act 2006 and United Kingdom Accounting Standards), which give a true and fair view of the financial position of the company at the reporting date, and of its result for the period then ended, and for making accurate representations to you. We confirm that we have approved the financial statements for the year ended 31 March 2019.

2. We confirm that the accounting policies and estimation techniques adopted for the preparation of the financial statements are the most appropriate to the circumstances in which the company operates.
3. Other than as disclosed in the financial statements, the company has not entered into any transactions involving directors, officers or other related parties, which require disclosure under the Companies Act or Financial Reporting Standards. Appropriate disclosure has been made of the control of the company.
4. We have disclosed all known or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been disclosed in accordance with the requirements of accounting standards.
5. The financial statements of the company have been prepared on the going concern basis as we believe that adequate cash resources will be available to cover the company's requirements for working capital and capital expenditure for at least the next twelve months. We are not aware of any other factors which could put into jeopardy the company's going concern status during or beyond this period.
6. There have been no events since the reporting date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto. Should further material events occur, which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, we will advise you accordingly.
7. We confirm that we have considered the unadjusted errors advised to us by you as appended to this letter. It is our view that the cost of making these adjustments to the financial statements outweighs any benefits that will be gained by the users of the financial statements. The combined effect of the unadjusted errors is not material and we do not consider that their absence from the financial statements affects the true and fair view given.
8. We confirm that we have agreed the adjustments appended to this letter which have been made to the performance statement(s) and balance sheet which we presented to you for audit.
9. We confirm we have no plans or intentions that may materially affect the carrying value or classification of any assets and liabilities reflected in the financial statements.
10. We confirm that after the audit report has been signed, we will circulate a copy of our annual report to every member of the company, every holder of the company's debentures and every other person entitled to receive notice of general meetings, as required by section 423, Companies Act 2006.

11. With regard to the defined benefit pension plan, we are satisfied that:
  - the actuarial assumptions underlying the valuation are consistent with our knowledge of the plan and our business;
  - all significant retirement benefits have been identified and properly accounted for; and
  - all settlements and curtailments have been identified and properly accounted for.
12. We confirm the defined benefit pension liability at the year end was £5,513,000.
13. We confirm the following balances with Southend-on-Sea Borough Council are correct and the year end:
  - amount owed by Southend-on-Sea Borough Council £613,511;
  - amounts owed to Southend-on-Sea Borough Council £514,814; and
  - long term liabilities owed to Southend-on-Sea Borough Council £364,573.
14. We confirm that we are part of a group in the UK, headed by Southend-on-Sea Borough Council and that all UK group members follow IFRS.
15. We confirm that in the directors opinion it is not appropriate to include the amenities bank accounts with a balance totalling £48,965 in the financial statements of Southend Care Ltd.

Information provided:

16. All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the company have been properly reflected and recorded in the accounting records. We have provided to you all other information requested and given unrestricted access to persons within the entity from whom you have deemed it necessary to speak to. All other records and relevant information, including minutes of all management and shareholders' meetings, have been made available to you.
17. Other than those disclosed in the financial statements we are not aware of any material liabilities, provisions, contingent liabilities, contingent assets or contracted for capital commitments, that need to be provided for or disclosed in the financial statements.
18. The company has satisfactory title to all assets and there are no liens or encumbrances on the company's assets.

19. We confirm that the functional currency of the company is Sterling.
20. We confirm that we have notified you of all related party relationships, and transactions that the company has entered into with those related parties during the year of which we are aware.
21. We acknowledge our responsibility for the design and implementation of internal controls to prevent and detect errors or fraud, and have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We are unaware of any irregularities, including fraud and suspected fraud, involving management, employees or others who have significant roles in internal control, or those employed by the company where the fraud could have a material effect on the financial statements. No allegations of such irregularities or breaches have come to our notice.
22. We are unaware of any breaches or possible breaches of statute, regulations, contracts, agreements or the company's Memorandum and Articles of Association which might result in the company suffering significant penalties or other loss. No allegations of such irregularities or breaches have come to our notice.
23. We confirm that we have been notified by you that there are no matters which you are required to raise with us to comply with your profession's ethical guidance which are in addition to the matters included in your assignment terms letter to us.
24. We confirm that we wish to take advantage of the small company filing exemptions under section 444 of the Companies Act.
25. We confirm that we have been notified by you that there are no matters which you are required to raise with us to comply with your profession's ethical guidance which are in addition to the matters included in your assignment terms letter.
26. We confirm receipt of your assignment terms letter and we confirm receipt of your management letter.

Yours faithfully

Signed on behalf of the Board of Directors (those charged with governance)

SOUTHEND CARE LTDUnadjusted errors within Company Financial StatementsYear ended 31 March 2019

	Balance Sheet		I & E	
	Dr	Cr	Dr	Cr
Other debtors	5,750			
Other creditors		5,750		
<b>Being the reclassification of prepayments within creditors to debtors.</b>				
	<u>5,750</u>	<u>5,750</u>	<u>-</u>	<u>-</u>
<b>Effect on company retained profit</b>			<u>0</u>	
	Balance Sheet		I & E	
	Dr	Cr	Dr	Cr
Bank	48,965			
Other Creditors		48,965		
<b>Being the inclusion of the Amenity accounts.</b>				
	<u>48,965</u>	<u>48,965</u>	<u>-</u>	<u>-</u>
<b>Effect on company retained profit</b>			<u>0</u>	
	Balance Sheet		I & E	
	Dr	Cr	Dr	Cr
Accruals – creditors payable to others	11,069			
Staff costs – direct employee salaries				11,069
<b>Being the reduction in holiday pay accrual based on client workings.</b>				
	<u>11,069</u>	<u>-</u>	<u>-</u>	<u>11,069</u>
<b>Effect on company retained profit</b>			<u>11,069</u>	

**SOUTHEND CARE LTD****Adjusted errors within Company Financial Statements****Period ended 31 March 2019**

	Balance Sheet		I & E	
	Dr	Cr	Dr	Cr
Accruals		£10,000		
Supplies and services expenditure			£10,000	
<b>To accrue for Scrutton Bland's audit fee for the year ending 2019 audit</b>				
Corporation tax liability	£1,900			
Corporation tax expense				£1,900
<b>To decrease the corporation tax liability as expenditure decreased from above adjustment</b>				
	<u>£1,900</u>	<u>£10,000</u>	<u>£10,000</u>	<u>£1,900</u>
<b>Effect on company retained profit</b>			<u><u>-£8,100</u></u>	

Please note that the above errors have been rectified on the client's latest financial statements and accompanying notes and an amended version of these has been provided to us.