

Company Registration Number 10138562

# **SOUTHEND CARE LTD**

**Directors' Report and Financial Statements**

**For the Year Ended 31 March 2022**

# SOUTHEND CARE LTD

## Financial Statements For the Year Ended 31 March 2022

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# SOUTHEND CARE LTD

## Officers and Professional Advisers For the Year Ended 31 March 2022

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<b>Company registration number</b>	10138562
<b>The board of directors</b>	S Zaidi (resigned 30 September 2021) P R Little A Hughes J C Manzoni S J Unsworth S T Houlden (appointed 1 November 2021) A Sherlock (appointed 1 November 2021)
<b>Registered office</b>	Civic Centre Victoria Avenue Southend-On-Sea Essex SS2 6ER
<b>Current auditor</b>	Scrutton Bland LLP Chartered Accountants & Statutory Auditor 820 The Crescent Colchester Business Park Colchester Essex CO4 9YQ
<b>Bankers</b>	Barclays Bank Priory Place Level 3, New London Road Chelmsford Essex CM2 0PP
<b>Legal advisers</b>	Southend-on-Sea Borough Council Legal and Democratic Services Civic Centre Victoria Avenue Southend-on-Sea Essex SS2 6ER

# SOUTHEND CARE LTD

## Directors' Report For the Year Ended 31 March 2022

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The Directors present their report and financial statements for the period ended 31 March 2022.

### PRINCIPAL ACTIVITY

The purpose of the company is to trade commercially, predominantly within health and social care sectors.

### RESULTS AND DIVIDENDS

The company's profit for the period, after taxation, amounted to £204,578 before IAS 19 defined benefit pension adjustments. The loss after pension adjustments amounted to £437,422.

There were no dividends proposed or paid during the period.

We are pleased to say the company has performed above original expectation within its fifth year of trading, despite the continued difficulties associated with the pandemic. COVID 19 has placed ongoing challenges on the company and the services it runs. This has included having to reduce service levels to those we support and managing costs related to PPE and infection control. The financial performance this year has derived from the company managing its cost base effectively and being able to generate new income, for example from providing a provider of last resort service to Southend Borough Council in relation to local failing care homes.

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In the period to 31 March 2022 the company's financial risk management approach has included the following:

- **Corporate Risk Register:** Supporting the management of key financial risks, including loss of income, loss of reputation and loss of workforce.
- **Strategic Finance Management:** Through a series of quarterly meetings led by the Managing Director and Lead Financial Consultant, with the purpose of analysing financial trends and forecasts to inform the identification and mitigation of risk.
- **Operational Financial Management :** Through a schedule of monthly meetings led by the Managing Director and Operations Director reviewing business unit management accounts and addressing risk issues such as variances to budget.
- **Sales Income and Marketing Management:** Through monthly meetings led by the Managing Director and Operations Director focusing on identifying and addressing risk to new income streams particularly non-Southend Council sources such as private paying customers and Clinical Commissioning Groups.
- **Financial Risk Management Policies and Procedures:** The development and implementation of policies addressing key areas of corporate risk. This includes Anti-Bribery, Fraud and Corruption Policy.
- **Business Continuity Policy:** The development of the company's response to significant events with a business destroying potential. This has included how the company creates resilience to effectively respond to crises such as COVID 19.

# SOUTHEND CARE LTD

## Directors' Report For the Year Ended 31 March 2022

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### **DIRECTORS AND THEIR INTERESTS**

The directors set out in the table below have held office during the whole of the period from 1 April 2021 to 31 March 2022 unless otherwise stated. None of the directors held any interests in the share capital of the company.

S Zaidi (resigned September 2021)  
P R Little  
A Hughes  
J Manzoni  
S Unsworth  
S Houlden (Commenced November 2021)  
A Sherlock (Commenced November 2021)

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare financial statements in accordance with UK adopted International Financial Reporting Standards (IFRSs) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors confirm that so far as they are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the company's auditors are unaware. They 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's auditors are aware of that information.

# SOUTHEND CARE LTD

## Directors' Report For the Year Ended 31 March 2022

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### BUSINESS REVIEW AND FUTURE PLANS

The business has had a successful year of trading delivering a positive year end net profit position. This has been achieved through the following:

- Delivering on required income levels and by securing in-year new income streams. This includes additional income from Southend City Council for supporting failing providers in the market place.
- Increasing non-local authority income streams through sales of services to Clinical Commissioning Groups and to individual private paying customers.
- Effective management of SCL's cost base. This has included significantly reducing expenditure on agency staff within care settings, whilst increasing SCL's own internal bank of staff.
- Converting more employment positions to SCL terms and conditions.
- Delivering significant efficiency within business units, for example through the restructuring of staff teams and increasing productivity levels.

Looking ahead the business has planned to deliver a positive 2022/23 year end position, further supporting the growth of its retained profit.

Highlights for 2022/23 include the following:

- **To commence new 10-year contracts for all SCL services and the implementation of a related 10-year Partnership Agreement with Southend City Council (SCC).** This ensures the long-term stability of the company and the important role it plays within the care market. It builds upon the special relationship between SCL and SCC which has built up since the company began trading.
- **To deliver services out of the company's new care facility.** Services operating from the new building are strategically relevant to Southend CC and provide the opportunity to develop the reputation of the company in turn. They include short term assessment care home beds, a new day opportunities service for people with a profound learning disability and offices for our reablement and supported employment services.
- **To build our private payer / self-funder care home and home care businesses ensuring we start to generate new Teckal income.** This supports the financial sustainability of the company whilst delivering benefit back to Southend CC in the form of a gain share. The business opportunities will support the commercial development of the company providing alternative income streams that can be built on in subsequent years.
- **To continue to modernise, improve service performance and achieve greater cost effectiveness.** This supports the ability to transform services (this year our Learning Disability Day Opportunities) and continually respond to peoples' needs. It enables the company to remain competitive and relevant to commissioners whilst supporting it to retain a unique position and relationship with Southend CC.

# SOUTHEND CARE LTD

## Directors' Report For the Year Ended 31 March 2022

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- **To access the potential for acquiring a home care business that can assimilate into our existing services.** This supports the development of our homecare service offer and is a key strategic aim for the company in 2022. Potential acquisition targets will be identified by our new fixed term Business Development Manager post.
- **To create a new Learning Academy for all staff, which is part of longer-term workforce planning.** This also supports succession planning with emerging leaders being supported through training and development opportunities. The Academy will also support our frontline workforce with a full suite of e-learning and face to face learning opportunities.

In preparing this report the directors have taken advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Approved by the board on

and signed on its behalf by

Jon Manzoni  
Managing Director

# **SOUTHEND CARE LTD**

## **Statement of Corporate Governance For the Year Ended 31 March 2022**

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### **1. Scope of Responsibility for Southend Care Ltd.**

Southend Care Limited (SCL) was incorporated in April 2016 and began trading on the 1<sup>st</sup> April 2017. It is a Local Authority Trading Company wholly owned by Southend City Council (SCC). There are 100 £1 shares in the company. Its purpose is to trade commercially, predominantly in health and social care sectors.

SCL is run by 6 directors, all of who are registered at Companies House. The directors include the Managing Director, Operations Director and four Non-Executive Directors (NEDs), one of whom is the chair. The NEDs are appointed by SCC on fixed term service contracts. The directors meet monthly as a board and conduct is governed by the Articles of Association. The board of directors is responsible for ensuring the business is run in accordance with the law and proper standards and that its finances are properly accounted for and used efficiently and effectively in pursuit of its business goals.

Monthly board of directors meetings support the strategic direction of the business and provide scrutiny and oversight of its running. The board meeting also acts as a mechanism for holding the executive directors to account. Standard items reported, considered and actioned each month include the following:

- Financial status measured against business plan projections
- Workforce status, including sickness, significant disciplinary issues and workforce development
- Operational performance against key performance measures
- Review and assessment of corporate risk
- Business Continuity
- Legal and regulatory compliance including Care Quality Commission (CQC) compliance
- Business development, including oversight of the return on investment of BD projects.

### **2. The Purpose of the Governance Framework**

The governance framework comprises the systems, processes, culture and values, by which the Company is directed and controlled and its activities through which it accounts to, engages with and serves the community. It enables the Company to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Company's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

# SOUTHEND CARE LTD

## Statement of Corporate Governance For the Year Ended 31 March 2022

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### 3. The Governance Framework

The Key elements of the Governance Framework are:

- **A three year company Business Plan** that sets overarching business objectives.
- **An Annual Company Plan** linked to the three year Business Plan, which sets out detailed operational, financial and developmental targets for the business.
- **Financial Reporting** including management accounting and variance reporting.
- **Monthly Finance Review meetings** with the Managing Director, Operations Director and Finance Manager to assess overall financial performance of the company, and where necessary implement improvement actions.
- **Monthly Senior Management Meetings** including the Managing Director, Operations Director, Business Manager, HR Manager and Head of Finance. These meetings form the basis of managing and monitoring company performance with reference to corporate key performance indicators and executive management and activity plan.
- **Annual Shareholder Meetings** holding to account the Board of directors for the performance of the company.
- **Monthly monitoring of expenditure** based on the review of management accounts. This takes place between the Operations Director, Head of Finance and each Manager of the company's business units and includes addressing any variances between actual and budgeted expenditure, plus identifying and executing remedial actions.
- **Formal monitoring of our commercial contract with SCC.** This includes both service level contract meetings, evaluating performance against contract key performance indicators and strategic / developmental meetings with the Director of Commissioning which focus on the overall contract performance including compliance matters.
- **Corporate risk management** including Anti-fraud and Corruption, Whistle blowing, Health and Safety and Safeguarding.
- **Emergency Planning and Business Continuity** including disaster recovery.
- **A system of Individual Performance Reviews** (appraisals) with all our staff followed by regular supervision sessions.
- **A quality assurance system** which is set out in the company's Quality Assurance Strategy. The conduit for delivering on the strategy is the Quality Assurance Group. This group is made up of the Operations Director and business unit managers, and its role is to address key quality matters such as regulatory compliance with the Care Quality Commission.
- **A policy and procedure suite** governing our approach to Finance, HR and Service Delivery.
- **Scheme of delegation** setting out authorised levels of expenditure and commitments throughout the company.
- **Workforce code of conduct** setting out the expected standards of behaviour and performance as an employee of SCL.
- **Values and Behaviours Framework** creating a culture through which the company operates and makes decisions.

# SOUTHEND CARE LTD

## Statement of Corporate Governance For the Year Ended 31 March 2022

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- **COVID 19 situation reports** reflecting the impact of the pandemic on the company and its services. The reports highlight where there are issues for example in terms of staffing capacity, supplies of PPE and delivery of services. The reports also set out the actions being taken to address those issues and to mitigate any risks. The situation reports also link through to the corporate risk register.

### 4. Review of Effectiveness

The effectiveness of the governance framework has been assessed and tested through the following:

1. **Board of Directors thematic scrutiny and review** – The Board has developed as part of its governance processes a schedule of monthly themes / topics relating to key aspects of the business. This includes topics such as Corporate Risk, Business Continuity, Business Development, Business Planning, Values and Behaviours. These sessions have enabled the Board to drill into detail around specific matters for example testing the robustness of company's business plan. The Board has also undertaken an annual evaluation of its own effectiveness in terms of governance, decision making and the overall way in which it conducts business.
2. **Company Values and Behaviours** – In December 2019 the Board signed off the company's new Values and Behaviours. This followed a collaborative process with the workforce in the preceding three months. The new values and behaviours have been developed to galvanise the workforce and company as a whole as it continues to grow. The Values and Behaviours were formally launched with staff through a series of workshops in February 2020. Thereafter we have begun a programme of staff engagement and training to embed the values and behaviours throughout the company. This is a long term and ongoing piece of work which has gained more traction as COVID rules have relaxed, enabling greater face to face interaction with staff. To support the embedding of our values and behaviours we have introduced a new staff appraisal system which measures staff performance in terms of the degree to which they have worked to the values and behaviours of the company.
3. **Business Continuity Plan stress testing** – in order assess the robustness of the BCP we have undertaken stress tests on certain topics within our residential and supported housing services. This has included working through the effectiveness of the plan in cases such as fire (including identification of a fire, evacuation of staff and residents and providing ongoing support and accommodation). The stress tests demonstrated that the BCP is fit for purpose and the results were reported back to the Board in June.
4. **Service Reviews** – The company this year has assessed the financial position of each of its services as part of the contract negotiations with SCC for new 10-year service contracts. This has meant evaluating the cost base of each service and its planned profitability. For some services such as residential care this has meant reviewing the staffing structure and operating models to ensure they can meet future requirements of the contract. The outcome of this activity has been to agree contracts with SCC ensuring each is profitable including future contractual uplifts.

# SOUTHEND CARE LTD

## Statement of Corporate Governance For the Year Ended 31 March 2022

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5. **Systematic Review of key policies and procedures** – The company this year recruited a permanent HR and Recruitment Manager who has been reviewing the company's HR and Recruitment policies and procedures. This includes for example reviewing controls when recruiting new staff, completing induction and probation periods and providing managers with enhanced tools in relation to managing sickness absence and overall staff performance. It has also included new ways of working arising from the pandemic for example formalising the company's approach to hybrid working and COVID related policies such as the creation of a vaccination policy.
6. **Staff Satisfaction Survey** – an annual survey of staff was carried for 2021/22 with questions (as per the previous year) designed to develop the company's understanding of the culture within the business units and the impact that COVID has had on staff wellbeing and morale.
7. **Annual Plan reviews** – Quarterly reviews of the SCL Annual Plan take place with the Board, to ensure that the executive is on track with the meeting the required corporate objectives. This year included monitoring progress in developing and agreeing new 10-year contracts for services with SCC and mobilisation of services within the new care facility.

**J C Manzoni**  
Managing Director

Date:

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHEND CARE LTD**

## **For the Year Ended 31 March 2022**

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### **OPINION**

We have audited the financial statements of Southend Care Ltd for the year ended 31 March 2022 which comprise the Profit and Loss Account, the Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position 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 UK adopted International Financial Reporting Standards (IFRSs).

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2022 and of the company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted IFRSs; and
- the financial statements 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 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**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHEND CARE LTD**

**For the Year Ended 31 March 2022**

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## **OTHER INFORMATION**

The directors are responsible for the other information. The other information comprises the information included in the directors' 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

## **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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;
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHEND CARE LTD**

## **For the Year Ended 31 March 2022**

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### **RESPONSIBILITIES OF DIRECTORS**

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

In preparing the financial statements, the directors are responsible for assessing the 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 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.

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), inspection of the company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of noncompliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: The Health and Social Care Act, safeguarding, health and safety, anti-bribery and corruption, human rights, employment law and GDPR. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

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# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHEND CARE LTD**

**For the Year Ended 31 March 2022**

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Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the company complies with such regulations; enquiries of management and those charged with governance concerning any actual or potential litigation or claims, inspection of any relevant legal documentation, review of board minutes, testing the appropriateness of journal entries and the performance of analytical review to identify any unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

## **USE OF OUR REPORT**

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

**Mr Timothy O'Connor** (Senior Statutory Auditor)

For and on behalf of

Scrutton Bland LLP

Chartered Accountants & Statutory Auditor

820 The Crescent

Colchester Business Park

Colchester

Essex

CO4 9YQ

Date:

# SOUTHEND CARE LTD

## Profit and Loss Account For the Year Ended 31 March 2022

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	Notes	2022 £	2021 £
Revenue	4	8,758,152	8,836,876
Staff costs	6	(7,371,043)	(7,146,432)
IAS 19 pension scheme staff cost adjustment	11(f)	(494,000)	(192,000)
Administrative expenses		(1,182,531)	(997,412)
<b>OPERATING (DEFICIT)/SURPLUS</b>		<b>(289,422)</b>	501,032
IAS 19 pension scheme interest adjustment	11(f)	(148,000)	(109,000)
<b>(DEFICIT)/SURPLUS BEFORE TAX</b>		<b>(437,422)</b>	392,032
Taxation of ordinary activities	7	-	-
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>		<b>(437,422)</b>	<u>392,032</u>
<b>(DEFICIT)/SURPLUS ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>(437,422)</b>	<u>392,032</u>
 The (loss)/profit for the financial period before and after adjustments required under IAS 19 in respect of defined benefit pension schemes is as follows:			
Surplus after tax		204,578	693,032
IAS 19 defined benefit pension scheme charges:			
Staff costs adjustment		(494,000)	(192,000)
Interest costs		(148,000)	(109,000)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b>(437,422)</b>	<u>392,032</u>

The notes on pages 18 to 29 form part of these financial statements.

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# SOUTHEND CARE LTD

## Statement of Other Comprehensive Income For the Year Ended 31 March 2022

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	2022 £	2021 £
<b>(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR</b>	<b>(437,422)</b>	392,032
Actuarial surplus/(deficit) arising from pension liabilities	<b>1,373,000</b>	(5,517,000)
Difference between expected and actual return on pension fund assets and other actuarial gains	<b>1,312,000</b>	3,273,000
<b>TOTAL RECOGNISED SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>2,247,578</b>	(1,851,968)

The notes on pages 18 to 29 form part of these financial statements.

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# SOUTHEND CARE LTD

## Statement of Changes in Equity For the Year Ended 31 March 2022

	Defined benefit pension reserve £	Share capital £	Transformation funds reserve £	Retained earnings (excluding pension reserve) £	Total equity £
At 1 April 2020	(4,920,000)	100	-	361,344	(4,558,556)
Profit for the period before pension adjustments	-	-	-	693,032	693,032
Transfer between funds	-	-	275,600	(275,600)	-
IAS 19 defined benefit pension scheme changes	(301,000)	-	-	-	(301,000)
Other comprehensive income for the year	(2,244,000)	-	-	-	(2,244,000)
<b>Balance at 31 March 2021</b>	<b>(7,465,000)</b>	<b>100</b>	<b>275,600</b>	<b>778,776</b>	<b>(6,410,524)</b>
Profit for the period before pension adjustments	-	-	-	204,578	204,578
Transfer between funds	-	-	(129,370)	129,370	-
IAS 19 defined benefit pension scheme charges	(642,000)	-	-	-	(642,000)
Other comprehensive income for the year	2,685,000	-	-	-	2,685,000
<b>Balance at 31 March 2022</b>	<b>(5,422,000)</b>	<b>100</b>	<b>146,230</b>	<b>1,112,724</b>	<b>(4,162,946)</b>

The notes on pages 18 to 29 form part of these financial statements.

# SOUTHEND CARE LTD

## Statement of Financial Position As at 31 March 2022

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	Notes	2022 £	2021 £
<b>CURRENT ASSETS</b>			
Trade and other receivables	8	<b>1,222,323</b>	699,569
Cash and cash equivalents	9	<b>1,920,430</b>	1,709,169
		<b><u>3,142,753</u></b>	<b><u>2,408,738</u></b>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Trade and other payables	10	<b>(1,633,699)</b>	(1,229,262)
<b>NET CURRENT ASSETS</b>		<b>1,509,054</b>	1,179,476
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Trade and other payables	10	<b>(250,000)</b>	(125,000)
Pension scheme liabilities	11	<b>(5,422,000)</b>	(7,465,000)
<b>NET LIABILITIES</b>		<b><u>(4,162,946)</u></b>	<b><u>(6,410,524)</u></b>
<b>ISSUED CAPITAL AND RESERVES</b>			
Issued share capital	12	<b>100</b>	100
Retained profits		<b>1,112,724</b>	778,776
Pension reserve	13	<b>(5,422,000)</b>	(7,465,000)
Transformation funds reserve		<b>146,230</b>	275,600
<b>TOTAL EQUITY</b>		<b><u>(4,162,946)</u></b>	<b><u>(6,410,524)</u></b>

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

Approved by the Board on

and signed on its behalf by

**J C Manzoni**  
Director

**Peter Little**  
Director

Company registration number: 10138562

**The notes on pages 18 to 29 form part of these financial statements.**

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# SOUTHEND CARE LTD

## Notes to the Financial Statements For the Year Ended 31 March 2022

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### 1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS'S

The company's financial statements for the year were authorised for issue on May 2022 and the company's statements of financial position signed on the Board's behalf by J C Manzoni and Peter Little (Directors). Southend Care Ltd is a limited company incorporated and domiciled in England & Wales.

The company's financial statements have been prepared in accordance with UK adopted International Financial Reporting Standards (IFRSs) and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the company are set out in note 2.

### 2. ACCOUNTING POLICIES

#### **Basis of preparation of financial statements**

The financial statements are presented in Sterling (£), are rounded to the nearest £1 and have been prepared under the historical cost basis.

The company's immediate parent undertaking and ultimate controlling party, Southend-on-Sea Borough Council, includes the company in its consolidated financial statements. In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under IFRS in respect of the requirement to prepare a Cash Flow Statement and the related notes and the requirement to disclose a financial instruments note.

#### **Going concern**

The financial statements show negative equity as a result of the defined benefit pension scheme reserve. The financial statements have been prepared on the going concern basis on the assumption that future profits and ongoing support from the Council will be sufficient for any increased contributions to be met.

#### **Income recognition**

Income is recognised to the extent that it is probable that the economic benefits will flow to the company and the income can be reliably measured. All such income is reported net of discounts and value added and other sales taxes.

#### **Pension costs**

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss account when they fall due.

# SOUTHEND CARE LTD

## Notes to the Financial Statements For the Year Ended 31 March 2022

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### 2. ACCOUNTING POLICIES (continued)

#### **Pension costs – Local Government Pension Scheme**

Southend Care Ltd is also an admitted body of the Local Government Pension Scheme (LGPS) administered by Essex County Council. The assets belonging to the pension scheme are held and administered independently by Essex County Council.

Pension scheme assets are measured at fair value at the balance sheet date. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the company's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of other comprehensive income.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the statement of financial position. There are no deferred tax implications.

Further disclosures relating to retirement benefits can be found in note 11.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand.

#### **Financial instruments**

Short term debtors are measured at transaction price, less any impairment.

Short term creditors are measured at the transaction price.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# SOUTHEND CARE LTD

## Notes to the Financial Statements For the Year Ended 31 March 2022

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### 2. ACCOUNTING POLICIES (continued)

#### Standards that have been issued but not yet effective

The below accounting standards have been issued but are not yet effective. The initial application of these standards is not expected to affect the financial statements.

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (subsidiary as a first-time adopter) (effective for periods commencing on or after 1 January 2022).
- IFRS 3 Business Combinations – Amendments updating a reference to the Conceptual Framework (effective for periods commencing on or after 1 January 2022).
- IFRS 9 Financial Instruments – Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fee in the '10 per cent' test for derecognition of financial liabilities) (effective for periods commencing on or after 1 January 2022).
- IAS 1 Presentation of financial statements – Amendments regarding the classification of liabilities (effective for periods commencing on or after 1 January 2023).
- IAS 1 Presentation of financial statements – Amendments to defer the effective date of the January 2020 amendments (effective for periods commencing on or after 1 January 2023).
- IAS 1 Presentation of financial statements – Amendments regarding the disclosure of accounting policies (effective for periods commencing on or after 1 January 2023).
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendments regarding the definition of accounting estimates (effective for periods commencing on or after 1 January 2023).
- IAS 12 Income Taxes – Amendments regarding deferred tax on leases and decommissioning obligations (effective for periods commencing on or after 1 January 2023).
- IAS 16 Property, Plant and Equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective for periods on or after 1 January 2022).
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous (effective for periods on or after 1 January 2022).

#### Current and deferred taxation

Due to level of activity with the Local Authority parent company, the company has applied for and been granted an exemption from corporation tax until the year ended 31 March 2024.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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 liabilities or other future taxable profits;

# SOUTHEND CARE LTD

## Notes to the Financial Statements For the Year Ended 31 March 2022

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### 2. ACCOUNTING POLICIES (continued)

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 balance sheet date.

### 3. JUDGEMENTS IN APPLYING ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires the company's directors to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The key judgements and estimation uncertainty that have a significant risk of causing material misstatement to the carrying amounts of assets and liabilities within the next financial year are those made in respect of the defined benefit pension scheme.

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement rates and expected returns on pension fund assets. An independent firm of consulting actuaries has been engaged to provide expert advice regarding the assumptions to be applied in the calculation of the defined pension scheme liability, which at 31 March 2022 amounts to £5,422,000 (2021: £7,465,000). Further details of the assumptions made are disclosed in note 11.

### 4. REVENUE

	2022 £	2021 £
SBC Block Contract Income	8,058,128	8,070,961
Other Income	564,780	220,644
Grant Income	135,244	545,271
	<u>8,758,152</u>	<u>8,836,876</u>

### 5. AUDITOR'S REMUNERATION

Auditor's remuneration in relation to the financial statements is:

	2022 £	2021 £
Auditor's remuneration - audit services	9,350	9,550
Auditor's remuneration - non audit services	300	300
	<u>9,650</u>	<u>9,850</u>

# SOUTHEND CARE LTD

## Notes to the Financial Statements For the Year Ended 31 March 2022

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### 6. EMPLOYEE EXPENSES

	<b>2022</b>	<i>2021</i>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>6,092,688</b>	5,949,945
Employer national insurance	<b>464,702</b>	458,393
Employer pension costs	<b>606,375</b>	545,780
Recruitment	<b>56,453</b>	20,066
Training	<b>989</b>	7,973
Insurance	<b>14,372</b>	10,185
Agency spend	<b>135,464</b>	154,090
	<b><u>7,371,043</u></b>	<b><u>7,146,432</u></b>

Average employee numbers, including directors:

	<b>2022</b>	<i>2021</i>
	<b>No.</b>	<b>No.</b>
Care and Support team - who support both Delaware and Priory House	<b>61</b>	51
Dementia and Complex Needs Residential Care Home - Delaware House	<b>45</b>	45
Elderly Frail Residential Care Home – Priory House	<b>44</b>	44
Head Office	<b>13</b>	11
Learning Disability - Employment Support Service	<b>3</b>	3
Learning Disability - Recruitment and training of Shared Livers Carers	<b>4</b>	4
Learning Disability Day Care Centre – Viking Day Centre	<b>28</b>	32
Learning Disability day services - Project 49	<b>27</b>	31
Learning Disability Supported Living Unit - Spencer House	<b>13</b>	14
Rehabilitation and Re-ablement service for Adults - Southend Therapy and Recovery Team (START)	<b>40</b>	42
Re-ablement service for Adults - Southend Care Enablement Team	<b>-</b>	1
Learning Disability Supported Living Unit – West Street	<b>45</b>	42
Extra care – Westwood	<b>9</b>	13
Extra care – Longmans	<b>7</b>	4
	<b><u>339</u></b>	<b><u>337</u></b>

# SOUTHEND CARE LTD

## Notes to the Financial Statements For the Year Ended 31 March 2022

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### 6. EMPLOYEE EXPENSES (continued)

The directors' aggregate remuneration in respect of qualifying services was:

	<b>2022</b>	2021
	<b>£</b>	£
Directors' emoluments	<b>244,199</b>	236,349
Company contributions to defined contribution pension schemes	<b>6,548</b>	6,405
	<b><u>250,747</u></b>	<u>242,754</u>

The number of directors for whom retirement benefits are accruing under defined benefit contribution schemes amounted to 2 (2021: 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2022</b>	2021
	<b>£</b>	£
Remuneration for qualifying services	<b><u>107,952</u></b>	<u>105,736</u>

Key management personnel (including Directors) received aggregate remuneration of £851,805 (2021: £686,829).

# SOUTHEND CARE LTD

## Notes to the Financial Statements For the Year Ended 31 March 2022

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### 7. TAXATION

#### Components of tax expense

	2022 £	2021 £
<b>Current tax expense</b>		
Current tax (credit)/charge	-	-
Tax (credit)/expense reported in income statement	-	-

#### Reconciliation of tax charge to accounting profit

	2022 £	2021 £
Tax at the domestic tax rate of 19%	(83,110)	74,486
Tax effect of non deductible IAS 19 expenses	121,980	57,190
Exemption available from corporation tax	(38,870)	(131,676)
Over provision in prior year	-	-
Tax expense using effective rate	-	-

### 8. TRADE AND OTHER RECEIVABLES

	2022 £	2021 £
Other amounts receivable	64,466	19,661
Owed by SBC	1,157,857	679,908
	<u>1,222,323</u>	<u>699,569</u>

### 9. CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash at bank	1,917,130	1,705,869
Cash in hand	3,300	3,300
	<u>1,920,430</u>	<u>1,709,169</u>

### 10. TRADE AND OTHER PAYABLES

	2022 £	2021 £
<b>Amounts due within one year</b>		
Payable to others	249,216	254,150
Amounts owed to SBC	1,296,720	888,660
VAT owed to HMRC	87,763	86,452
	<u>1,633,699</u>	<u>1,229,262</u>
<b>Amounts falling due after one year</b>		
Amounts owed to SBC (deferred income)	250,000	125,000

# SOUTHEND CARE LTD

## Notes to the Financial Statements For the Year Ended 31 March 2022

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### 11. PENSION COMMITMENTS

The assets and liabilities of the pension scheme at 31 March were:

#### (a) Asset and liability reconciliation

	2022 £	2021 £
<b>Reconciliation of liabilities</b>		
Opening defined benefit obligation	23,693,000	17,171,000
Service cost	965,000	703,000
Interest cost	473,000	402,000
Change in financial assumptions	(1,408,000)	5,859,000
Change in demographic assumptions	-	(190,000)
Experience loss/(gain) on benefit obligation	35,000	(152,000)
Liabilities assumed on settlements	-	-
Estimated benefits paid net of transfer in	(317,000)	(226,000)
Past service costs, including curtailments	17,000	-
Contributed by Scheme participants	120,000	126,000
Closing defined benefit obligation	<u>23,578,000</u>	<u>23,693,000</u>
	2022 £	2021 £
<b>Reconciliation of assets</b>		
Opening fair value of fund assets	16,228,000	12,251,000
Interest on assets	325,000	293,000
Return on assets less interest	1,312,000	3,273,000
Other actuarial gains/(losses)	-	-
Administration expenses	(8,000)	(8,000)
Contributions by employer including unfunded	496,000	519,000
Contributions by Scheme participants	120,000	126,000
Estimated benefits paid plus unfunded net of transfers in	(317,000)	(226,000)
Settlement prices received	-	-
Closing fair value of fund assets	<u>18,156,000</u>	<u>16,228,000</u>
	2022 £	2021 £
Fair value of plan assets	18,156,000	16,228,000
Present value of plan liabilities	<u>(23,578,000)</u>	<u>(23,693,000)</u>
Net estimated pension scheme liability	<u>(5,422,000)</u>	<u>(7,465,000)</u>

# SOUTHEND CARE LTD

## Notes to the Financial Statements For the Year Ended 31 March 2022

### 11. PENSION COMMITMENTS (continued)

#### (b) Composition of plan assets

	% of scheme assets	2022 £	% of scheme assets	2021 £
Equities	60%	10,901,000	62%	10,027,000
Gilts	3%	433,000	3%	419,000
Bonds	4%	795,000	5%	814,000
Properties	8%	1,489,000	7%	1,155,000
Cash	3%	461,000	5%	766,000
Alternative assets	12%	2,244,000	12%	1,875,000
Other managed funds	10%	1,833,000	7%	1,172,000
		<u>18,156,000</u>		<u>16,228,000</u>

#### (c) Return on scheme assets

The overall return on scheme assets is estimated to be 10% in 2021/22 (2020/21: 28.65%). This figure will vary year on year depending on the assumptions made and the underlying distribution of the fund's assets which will vary during the year and as a result it is not appropriate to break down the return on assets across the different asset categories. Actual returns on the scheme assets was £1,637,000 for the period to 31 March 2022 (2021: £3,566,000).

(d) A full actuarial valuation was carried out for the defined benefit scheme at 31 March 2019 and updated to 31 March 2022 by Barnett Waddingham using the projected unit method. The major assumptions used by the actuary were:

	2022 %	2021 %
Main assumptions:		
Rate of increase in salaries	4.20	3.85
Rate of increase in pensions	3.20	2.85
Discount rate	2.60	2.00

#### (e) Movement in deficit during the period

	2022 £	2021 £
Pension deficit brought forward	(7,465,000)	(4,920,000)
Service cost	(982,000)	(703,000)
Net interest on the defined liability	(148,000)	(109,000)
Employer contributions	496,000	519,000
Return on assets	1,312,000	3,273,000
Administration	(8,000)	(8,000)
Change in assumptions	1,373,000	(5,517,000)
At 31 March 2022	<u>(5,422,000)</u>	<u>(7,465,000)</u>

# SOUTHEND CARE LTD

## Notes to the Financial Statements For the Year Ended 31 March 2022

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### 11. PENSION COMMITMENTS (continued)

#### (f) Analysis of the amount charged to the income and expenditure account:

	2022 £	2021 £
Service cost	982,000	703,000
Employer contributions	(496,000)	(519,000)
Administration expenses	8,000	8,000
IAS 19 adjustment	<u>494,000</u>	<u>192,000</u>
Analysis of amounts charged to finance costs:		
Other finance costs: Interest costs	<u>148,000</u>	<u>109,000</u>
IAS 19 adjustment	<u>642,000</u>	<u>301,000</u>

During the year to 31 March 2022 the LGPS employer contribution rate was 25% (2021 : 25%).

#### (g) Life assumptions:

	2022	2021
Life expectancy from age 65 (years):		
Current pensioner aged 65		
Male	21.6	21.6
Female	23.7	23.6
Retiring in 20 years		
Male	23.0	22.9
Female	25.1	25.1

### 12. SHARE CAPITAL

	2022		2021	
	No.	£	No.	£
<b>Issued and unpaid</b>				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

All shares were issued at par at the time of incorporation. All issued share capital is classified as equity.

# **SOUTHEND CARE LTD**

## **Notes to the Financial Statements For the Year Ended 31 March 2022**

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### **13. RESERVES**

#### **Called-up share capital**

Represents the nominal value of the £1 ordinary shares that have been issued and not fully paid. All of the shares hold the same rights and have full rights to receive notice of, attend and vote at general meetings, one share carries one vote and full rights to dividends and capital distributions (including on winding up).

#### **Profit and loss account**

The profit and loss account represents the company's accumulated profits/(losses).

#### **Transformation funds reserve**

The transformation funds reserve has been set up in agreement with Southend Borough Council to reserve funds to explore ways of improving and evolving the services offered by the Council.

#### **Pension reserve**

The pension reserve represents the Essex Pension Fund deficit of the company calculated in accordance with IAS 19.

### **14. CAPITAL MANAGEMENT**

The capital structure of the company consists of equity of the company (comprising issued capital as detailed in note 13, reserves and retained earnings).

The company is not subject to any externally imposed capital requirements.

# **SOUTHEND CARE LTD**

## **Notes to the Financial Statements For the Year Ended 31 March 2022**

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### **15. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption provided in IAS 24 “related party disclosures” from disclosing transactions with Southend-on-Sea Borough Council and its wholly owned subsidiaries, as a government body that has control over the reporting entity.

There were no other related party transactions during the period.

### **16. ULTIMATE CONTROLLING PARTY**

The company’s ultimate controlling party is Southend-on-Sea Borough Council by way of their shareholding.